

A review of free personal and nursing care



Prepared for the Auditor General for Scotland and the Accounts Commission
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Note:

Prior to September 2007 the Scottish Administration was generally referred to as the Scottish Executive. It is now called the Scottish Government. When dealing with the earlier period this report refers to the Scottish Executive. Recommendations for the future refer to the Scottish Government.

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Contents

Part 1. Summary	1	Recommendations	16
Background	1	Part 4. National work on costing the policy	17
Key messages	4	Key messages	17
Key recommendations	5	Initial cost estimates were difficult to make	18
Our study	6	The Scottish Executive based its short-term cost estimates on the work of the Care Development Group	20
Part 2. Setting the scene	7	Different methods were used to calculate funding to councils for free personal and nursing care in care homes and free personal care at home	21
Key messages	7	There has been limited monitoring of the cost of the policy	23
The timescales for implementing the policy were challenging	7	We estimate that for the first four years, the total cost of free personal and nursing care was about £1.8 billion	24
Previous arrangements for funding personal care at home were at the discretion of councils	10	We estimate that there was a growing shortfall in funding in the first four years	25
The policy was introduced while other social and health care changes were happening	10	Increasing demand will have implications for future costs	27
The definition of personal care is set out in legislation	11	Recommendations	30
Some older people are no longer entitled to attendance allowance	12	Part 5. Financial planning and monitoring by councils	31
Part 3. Clarity and consistency of legislation and supporting guidance	13	Key messages	31
Key messages	13	There are variations in councils' financial planning, monitoring and reporting	31
Intended outcomes were not explicit when the policy was introduced	13	Twenty-seven councils spent less than their Grant Aided Expenditure	
There are ambiguities in both the legislation and guidance in a number of key areas	14		
Some councils have sought legal advice because of uncertainties about the legislation and guidance	14		
Many older people are confused about what free personal care means in practice	15		

for older people's services in 2005/06	32	Appendix 3.	61
Cost of care home places to councils has risen since 2001/02	37	Methodology used for estimating total and additional costs	61
Councils' average spend on providing personal care to older people at home varies	38	Appendix 4.	64
Some councils have waiting lists	40	Eligibility criteria and provision of service	64
Eight councils charge for food preparation	40	Appendix 5.	66
There are inconsistencies among councils in the way in which laundry services are treated	42	Members of project advisory group	66
Five councils report increased costs as a result of older people moving to Scotland	43		
Recommendation	43		
Part 6. Impact on older people	44		
Key messages	44		
The policy has made a difference to the disposable income of some older people	44		
Councils have different eligibility criteria and charging policies and many are tightening these	50		
The increasing priority being given to intensive care needs is leading to a reduction in domestic home care services	52		
Recommendations	53		
Appendix 1.	54		
Timeline and summary of key developments for implementing the free personal and nursing care policy	54		
Appendix 2.	56		
Financial memorandum	56		

Part 1. Summary

Background

1. In 1997 the UK government set up a Royal Commission to examine the options for a sustainable system of funding for long-term care for older people in the UK, both in their own homes and in other settings. One of the Royal Commission's main recommendations was to split the costs of long-term care between living costs, housing costs and personal care and make the last free at the point of delivery after assessment.¹ It also recommended that personal and nursing care should be paid for through general taxation.
2. In 2001 the Scottish Executive announced its decision to implement free personal and nursing care (FPNC) for people aged 65 years and over, and free nursing care in care homes for people of all ages. The key aim of the policy is to *'remove current discrimination against older people who have chronic or degenerative illnesses and need personal care'*. It is intended to bring their care in line with medical and nursing care in the NHS where the principle of free care based on need is almost universally applied and accepted.²
3. FPNC was implemented from July 2002, through the Community Care and Health (Scotland) Act 2002. The Scottish Executive provided an additional allocation of £250 million to councils to support this for 2002/03 and 2003/04, with a further £300 million for 2004/05 and 2005/06. From 2006/07, additional funding has been included as part of councils' general revenue grant. This amounted to £162 million in 2006/07 and £169 million in 2007/08.³ The UK government and the Welsh Assembly decided to implement free nursing care only in England and Wales on the grounds of cost.⁴ Since then, the Welsh Assembly has introduced a more heavily subsidised personal care service for people of all ages.
4. Councils lead the implementation of free personal care for older people living at home and FPNC for those living in care homes. They work jointly with health, housing and other support services and providers in planning and delivering FPNC. Councils deliver some of the services directly but also commission personal and nursing care from a range of private and voluntary sector providers.
5. By March 2007 around 72,000 older people in Scotland were receiving personal care services free of charge. Since July 2002, the number of older people:
 - receiving public funding for personal care at home increased from 27,337 to 41,386. This includes people who prior to FPNC would have been paying for their own personal care through private contractual arrangements

¹ *With respect to old age: Long Term Care - Rights and Responsibilities*, Royal Commission on long term care, March 1999.

² *Fair Care for Older People*, Care Development Group, September 2001.

³ Scottish Parliamentary question S2W-15353

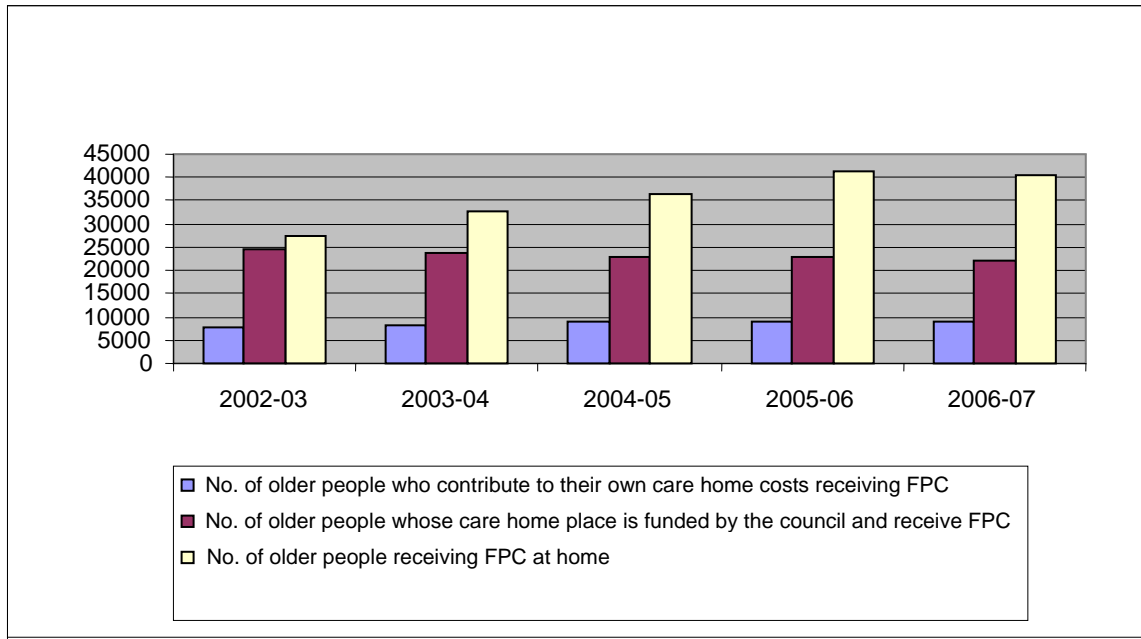
⁴ *The NHS Plan: The Government's Response to the Royal Commission on Long Term Care*, Department of Health, January 2000.

- living in care homes who are contributing to their own accommodation and living costs and who receive free personal care has increased from 7,680 to 9,361
- living in care homes who are fully publicly funded has reduced slightly from 24,569 to 22,234(Exhibit 1).^{5 6}

Exhibit 1

Total number of people receiving free personal care, July 2002 – March 2007

The number of older people receiving free personal care has risen since the policy was introduced



Note: We have assumed that all older people living in care homes who are fully publicly funded by the council are receiving free personal care.

Sources: Scottish Executive Statistics Release on Free Personal and Nursing Care Scotland 2002-2006; unpublished Scottish Executive data for 2006/07

6. Although there is an increase in the number of older people receiving public funding for personal care across Scotland, there is variation among councils in the percentage of older people receiving this (Exhibit 2). However, this is not a guide to the level of service which individuals are receiving as a range of care packages are in place.

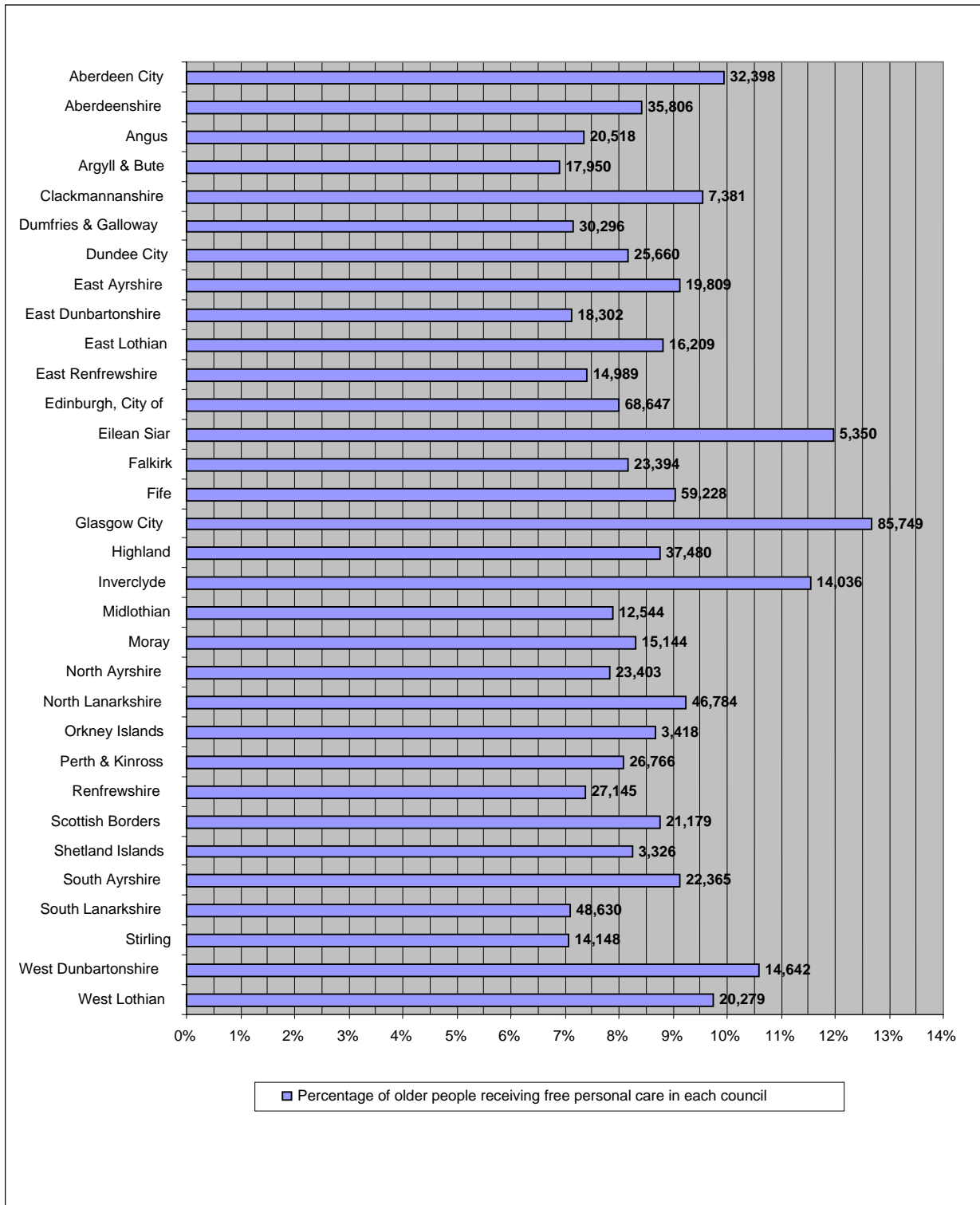
⁵ Scottish Executive Statistics Release on Free Personal and Nursing Care Scotland 2002-2006; Accounts Commission statutory performance indicators, December 2007.

⁶ These are lower income older people whose care home costs have always been fully funded by public funds.

Exhibit 2

Percentage of older people receiving free personal care, by council, 2005/06

The percentage of older people receiving free personal care ranges from just under seven per cent to just over 12.5 per cent in different council areas



Note: The number at the end of each bar refers to the total number of older people aged 65 and over living in the council area. We have assumed that all older people living in care homes who are fully publicly funded by the council are receiving free personal care.

Sources: GRO(S) and Scottish Executive

7. Two-thirds of older people in care homes who were receiving free personal care by 2007, were also receiving free nursing care.⁷

Key messages

- The financial memorandum set out in the Community Care and Health (Scotland) Act 2002 does not provide a robust and comprehensive assessment of the financial implications and risks of introducing FPNC. This was also raised by the Scottish Parliament's Health and Community Care Committee when it scrutinised the initial Bill.
- Scottish ministers made the decision to introduce FPNC early in 2001. This then set the Scottish Executive challenging timescales for developing the policy but it achieved its deadline. All councils were successful in putting in place systems to implement and deliver the policy from 1 July 2002.
- FPNC was introduced at a time of other significant changes and developments in health and social care. This, combined with a lack of intended outcome measures, makes it difficult to evaluate the impact of the policy in isolation from other changes.
- Ambiguities in both the legislation and guidance together with an inconsistency between the two around food preparation have led to different interpretations by councils and therefore variation across Scotland in how FPNC has been implemented. Older people are also unclear about what free personal care means in practice.
- The initial cost estimates for the policy were difficult to make because of the limited information available at that time, particularly regarding personal care delivered at home. However, monitoring the financial impact of the policy following implementation has been limited and central government has not updated the longer-term cost projections for FPNC since 2001, although it has carried out short-term projections to support the annual allocations.
- We estimate that the total costs of FPNC for the first four years were £1.8 billion. Councils would have spent around £1.2 billion of this even if the policy had not been introduced.
- Allowing for the limitations of the data available, we estimate that the additional costs for the first four years of FPNC are around £600 million. This has led to a growing shortfall in central funding, and by 2005/06 we estimate this was either £46 million or £63 million depending on the assumptions used.
- It is likely that demand for FPNC will continue to grow with the projected increase in the older population and this will have implications for the future costs of the policy.
- Councils are using a variety of approaches to manage demand for FPNC. Differences in the use of waiting lists and eligibility criteria mean that older people may receive different levels of service depending on where they live.

⁷ The number of older people receiving free nursing care in care homes who are publicly funded is an estimate. The estimate is based on the same number of those who contribute to their own living and accommodation costs and receive nursing care.

Key recommendations

The Scottish Parliament should require the Scottish Government to provide robust and comprehensive financial estimates, including risk assessments, in support of all bills that have financial implications.

The Scottish Government and councils should continue to work together as a matter of urgency to:

- Clarify current ambiguities with the policy. This includes making clear whether personal and nursing care is a universal entitlement to older people based on an assessment or whether locally available budgets and resources can be taken into account. There is also a need to address about the inconsistency between the legislation and guidance around food preparation. They should then ensure that the policy is consistently applied across Scotland from now on.
- Agree a national eligibility framework which defines risks and priority levels to ensure transparency in access to care for older people.

The Scottish Government should:

- Improve the central monitoring and future planning of FPNC by updating its cost projections; clearly identifying the information needed from councils; and setting out a clear framework for this purpose.
- Work with councils to ensure completion of national finance returns complies with accounting guidance so that full costs, including overheads, are reported.
- Review national allocation amounts for FPNC and methods for distributing this to councils to ensure that these accurately reflect the factors which influence local demand for services.
- Set robust outcome measures to evaluate the effectiveness of major policies in the future.

Councils should:

- Improve their information systems to enable them to collect comprehensive and accurate information on FPNC, and other aspects of care and support services. The information on FPNC should be used by the Scottish Government for central monitoring and future policy development.
- Provide clear information to older people on what is covered by FPNC.
- Publish clear information on eligibility criteria and the thresholds where services are provided, the operation of waiting lists and local care home and home care charging policies.
- Work with local health partners to evaluate the longer-term consequences of reducing domestic home care services, such as cleaning, shopping and laundry services.

Our study

8. Our specific objectives were to:
 - evaluate the robustness of financial planning, monitoring and reporting arrangements for FPNC at both a national and local level
 - examine the current costs and funding allocations for FPNC across councils in Scotland
 - identify the financial impact of FPNC on older people, the Scottish Government and councils.
9. We did not look at continuing care arrangements in the NHS or at resource transfer between health and social care.
10. For this study we carried out:
 - an analysis of national data including demographics, older people's services and financial information
 - a data survey of the 32 councils focusing on activity, financial, policy and practice information.
 - focus groups with older people and care providers⁸
 - interviews with staff in six councils, the Convention of Scottish Local Authorities (COSLA) and the Scottish Government
 - a survey of independent care home providers
 - a review of a sample of care packages since 2002 in two councils.
11. Our study complements the work of Lord Sutherland, who has been commissioned by the Cabinet Secretary for Health and Wellbeing to carry out an independent review of the policy. He is due to report in March 2008.
12. Prior to September 2007, the Scottish Administration was generally referred to as the Scottish Executive. It is now called the Scottish Government. When dealing with the earlier period this report refers to the Scottish Executive. Recommendations for the future refer to the Scottish Government.

⁸ We commissioned Age Concern Scotland to carry out the focus groups. A report on the findings can be found on our website www.audit-scotland.gov.uk

Part 2. Setting the scene

Key messages

- Scottish ministers made the decision to introduce FPNC early in 2001. This then set the Scottish Executive challenging timescales for developing the policy but it was successful in meeting the deadline. All councils were successful in putting in place systems to implement and deliver the policy from 1 July 2002.
- FPNC was introduced at a time of other significant changes and developments in health and social care. This makes it hard to evaluate the impact of the policy in isolation from other changes.

The timescales for implementing the policy were challenging

13. Scottish ministers initially rejected the recommendation of the Royal Commission to implement free personal care in October 2000, on the grounds of cost. However, a decision in principle was made by the Scottish Executive in early 2001 to implement the policy. The Scottish Executive initially had six months to develop the policy but an extension of three months to July 2002 was granted to allow further work to be completed. During this time, the Scottish Executive developed legislation and guidance to support the implementation of FPNC. In addition, all councils were successful in putting in place systems to implement and deliver the policy from 1 July 2002. **Exhibit 3** and **Appendix 1** provide a timeline and summary of the key stages of implementation.
14. The Scottish Executive set up the Care Development Group (CDG) in January 2001 to make proposals '*to ensure older people in Scotland have access to high quality and responsive long-term care in the appropriate setting on a fair and equitable basis; and for implementing free personal care*'. The CDG's remit was broader than free personal care but as it was expected to report by September 2001, the group focused mainly on proposals for implementing the policy. The Scottish Executive received the CDG's report in September 2001 and at that time accepted all of its recommendations about how FPNC should be implemented. However, not all of the CDG's recommendations have been implemented including:
 - ring-fencing the new money for FPNC until robust outcome agreements were put in place
 - establishing monitoring arrangements to identify what levels and volumes of services were provided by care providers prior to the policy, and monitoring how these change after the policy was implemented.

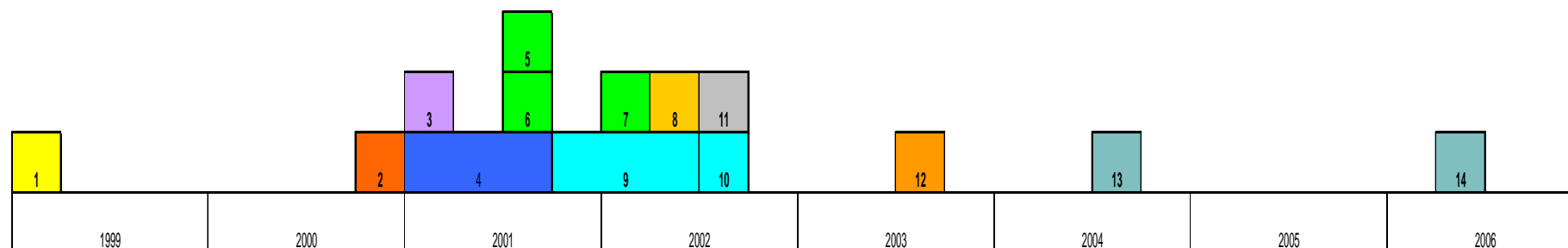
15. While the CDG was working on free personal care, the Scottish Executive asked the Chief Nursing Officer (CNO) to develop a framework for the implementation of free nursing care. The CNO set up a stakeholder group to take this forward and the group reported in January 2001.⁹

⁹ *Report of the Chief Nursing Officer for Scotland's Group on Free Nursing Care*, Scottish Executive, January 2001

Exhibit 3

Free personal and nursing care implementation timeline

In total, the implementation of FPNC took around 18 months from the decision to adopt the policy. The Scottish Executive and councils had nine months between the legislation being introduced to the commencement of the policy. Follow-up guidance relating to food preparation was still being issued four years later.



- 1 - Royal Commission report on long-term care – otherwise known as the Sutherland report published (February 1999)
- 2 - Scottish Executive response to the Sutherland report (October 2000)
- 3 - Chief Nursing Officer Report on Free Nursing Care (commissioned October 2000, published January 2001)
- 4 - Care Development Group report 'Fair Care for Older People' (commissioned January 2001, published September 2001)
- 5 - Regulation of Care (Scotland) Act (July 2001)
- 6 - Community Care and Health (Scotland) Bill (September 2001)
- 7 - The Community Care and Health (Scotland) Act (March 2002)
- 8 - Implementation of Free Personal and Nursing Care: Guidance Circular No. CCD 4/2002 (April 2002)
- 9 - Planning for implementation of the Free Personal and Nursing Care Policy (October 2001 - July 2002)
- 10 - Free Personal and Nursing Care Policy commencement date (1 July 2002)
- 11 - Community Care (Personal Care and Nursing Care) (Scotland) Regulations 2002 and Community Care (Assessment of needs) (Scotland) Regulations 2002 (July 2002)
- 12 - Scottish Executive consolidated guidance on Free Personal and Nursing Care: Circular No. CCD 5/2003 (July 2003)
- 13 - Scottish Executive letter to local authorities: Free Personal Care - Food Preparation (September 2004)
- 14 - Scottish Executive letter to local authorities: Free Personal Care - Assistance with the Preparation of Food (May 2006)

Source: Audit Scotland 2007

Previous arrangements for funding personal care at home were at the discretion of councils

16. Before the FPNC policy was introduced councils could use their discretion to charge older people for personal care services at home. In practice, most councils had some form of means testing whereby older people received some or all of their personal care services free if their income was below certain thresholds. Councils made no distinction between personal care and other home care services, which meant they could not easily identify the levels of personal care they were providing or their expenditure on these.
17. The income and capital thresholds where charges apply for care home residents were governed by the national assistance regulations and this continues to be the case for living and accommodation costs in care homes.¹⁰

The policy was introduced while other social and health care changes were happening

18. The Scottish Executive introduced the policy in July 2002 at a time of other significant change and wider developments in health and social care including:
 - shifting the balance of care so that more people are cared for at home rather than in residential settings
 - increasing support to vulnerable people to enable them to stay at home longer, to prevent unnecessary hospital admissions and to support hospital discharge arrangements through housing support services (funded by the Supporting People grant), community equipment and adaptations and FPNC policies
 - improving joint working and resourcing between health and councils through joint management arrangements and single shared assessments
 - improving care standards through the establishment of the Care Commission
 - developing more choice and flexibility in care services
 - increasing client choice through the introduction of direct payments.

¹⁰ The national assistance regulations set out the weekly sum which local authorities in Scotland are to assume, in the absence of special circumstances, that residents in accommodation arranged under the Social Work (Scotland) Act 1968 or section 7 of the Mental Health (Scotland) Act 1984 will need for their personal requirements.

19. These developments are interconnected, creating a complex picture that makes it hard to examine the effects of the FPNC policy in isolation.

The definition of personal care is set out in legislation

20. The definition of personal care in the 2002 Act was that '*unless the context otherwise requires: 'personal care' means care which relates to the day-to-day physical tasks and needs of the person cared for (as for example, but without prejudice to that generality, to eating and washing) and to mental processes related to those tasks and needs (as for example, but without prejudice to that generality, to remembering to eat and wash)*' (Exhibit 4).

Exhibit 4

List of personal care tasks

The Community Care and Health (Scotland) Act 2002 set out a list of personal care tasks that should not be '*ordinarily charged for*'.

Personal hygiene

With regard to personal hygiene:

- shaving
- cleaning teeth (whether or not they are artificial) by means of a brush or dental floss and (in the case of artificial teeth) by means of soaking
- providing assistance in rinsing the mouth
- keeping finger nails and toe nails trimmed
- assisting the person with going to the toilet or with using a bedpan or other receptacle
- where the person is fitted with a catheter or stoma, providing such assistance as is requisite to ensure cleanliness and that the skin is kept in a favourable hygienic condition.

Where the person is incontinent:

- the consequential making of the person's bed and consequential changing and laundering of the person's bedding and clothing
- caring for the person's skin to ensure that it is not adversely affected.

Eating requirements

As regards the person's eating requirements:

- assisting with the preparation of food
- assisting in the fulfilment of special dietary needs.

Immobility

If the person is immobile or substantially immobile, dealing with the problems of that immobility.

Treatments

If the person requires medical treatment, assisting with medication, as for example by:

- applying creams or lotions
- administering eye drops
- applying dressings in cases where this can be done without the physical involvement of a registered nurse or of a medical practitioner
- assisting with the administration of oxygen as part of a course of therapy.

General well being

With regard to the person's general well-being:

- assisting with getting dressed
- assisting with surgical appliances, prosthesis and mechanical and manual equipment
- assisting with getting up and with going to bed
- the provision of devices to help memory and safety devices
- behaviour management and psychological support.

Source: Community Care and Health (Scotland) Act 2002

21. The definition of nursing care is not set out in legislation but the Regulation of Care (Scotland) Act 2001 sets out a list of services defined as care services. This definition of care includes nursing care provided at home and in care homes.

Some older people are no longer entitled to attendance allowance

22. Attendance allowance is a UK-wide social security benefit which supports people with disabilities by giving them extra money to meet their care needs. There are two levels of payments: a higher level payment for those requiring support day and night of £64.50 per week; and a lower level payment of £43.15 per week for those requiring support either day or night.
23. The rules on attendance allowance state that where the individual lives in a care home and receives care or support from the state, then they will no longer be entitled to attendance allowance. As a result of the introduction of FPNC, older people living in care homes in Scotland who became entitled to free personal care are no longer entitled to attendance allowance. This means approximately £30 million per annum of attendance allowance payments are no longer paid to older people in Scotland's care homes.¹¹
24. The Scottish Executive expected these amounts to be transferred to it by the Department of Work and Pensions (DWP) to contribute to the cost of the FPNC policy, and had factored this into its costing of the policy. However, this did not happen which meant the Scottish Executive had to cover this gap in funding for the policy from its own budget. Lord Sutherland is due to examine the implications of this as part of his review.

¹¹ £30 million per annum is based on information provided by the Scottish Government.

Part 3. Clarity and consistency of legislation and supporting guidance

Key messages

- The overall aim of the FPNC policy was clear but anticipated outcomes were never explicitly stated, including measures to identify improvements to older people's quality of life. This makes it difficult to evaluate the success of its implementation.
- Ambiguities in both the legislation and guidance together with an inconsistency between the two around charging for food preparation have led to different interpretations by councils and therefore variation across Scotland in how FPNC has been implemented. Older people are also unclear about what free personal care means in practice.

Intended outcomes were not explicit when the policy was introduced

25. The overall aim of the FPNC policy is clear: to make personal and nursing care free of charge to all older people who were assessed as needing it, in line with free health services. The Scottish Executive committed to provide the additional resources to councils to make this happen. However, we would have expected the Scottish Executive to clearly set out expected outcomes for FPNC or a framework for measuring the success of the policy, for example:

- the anticipated impact on the quality of life of older people
- the groups of older people it expected the policy to benefit financially
- the other expected consequences the policy would have on social and health care services for all age groups
- the financial impact on councils.

There are ambiguities in both the legislation and guidance in a number of key areas

26. The legislation and guidance are ambiguous or unclear in some key areas including in particular:
- whether personal care is a universal entitlement for older people, based on an assessment of need, or whether councils have discretion to manage demand and prioritise services within their available resources
 - what was included in some of the personal care definitions of tasks such as food preparation, simple treatments, behavioural management and psychological support, and housing support tasks. It is therefore unclear who is responsible for provision and whether charges can be made for these tasks.
27. The Scottish Government and COSLA are continuing to work together to clarify the ambiguities. These should be resolved as a matter of urgency to ensure consistency across Scotland in the implementation of FPNC.

Some councils have sought legal advice because of uncertainties about the legislation and guidance

28. Despite guidance and explanatory letters over a four year period on what constitutes food preparation, there remains a wide variation in practice among councils. There has also been uncertainty about whether councils are obliged to provide services to older people immediately following an assessment of need. Some councils have sought their own legal advice on these areas.
29. In October 2007 the Court of Session ruled in a judicial review that it was not possible to interpret the legislation about free personal care as obliging a council to make payments for personal care that was not provided or commissioned by them. The judicial review was sought by Argyll and Bute Council following a decision by the Scottish Public Services Ombudsman (SPSO) which found that the council had a duty to provide funding for the personal care of a resident aged over 65 living in a private care home. The original recommendation by the SPSO and subsequent judicial review reflect uncertainties in the implementation of legislation and guidance.
30. The council argued that its duty to provide funding for the personal care of people over 65 arose only where the council provides or commissions the service, and not where it is provided through an entirely private arrangement between the resident, or his or her relatives, and the care home. The judge overturned the SPSO's recommendation and held that the legislation did not place a statutory duty on the council to provide funding for the personal care of the resident concerned. The ruling

could have implications for councils' future operation of the FPNC policy and this may have an impact on older people who organise their own care.

31. The use of formal or informal waiting lists by councils for assessments or services has an impact on older people. For example, older people, who can afford to, may choose to organise and pay for their own care while they are waiting. Councils report that this is happening, particularly for older people moving into care homes. Councils reported that in some cases people who will be expected to contribute to the cost of a care home move into a care home and then ask for an assessment. As this is not routinely monitored by councils we were unable to quantify the extent of this.

Many older people are confused about what free personal care means in practice

32. The Scottish Executive's legislation and guidance, and subsequent information to the general public about FPNC did not clearly set out which care tasks are free. This has led to confusion and misunderstanding by older people and their carers about what is provided free and in some cases older people have an expectation that all care is free. Many older people in our focus groups who receive chargeable services are unclear about which services they are being charged for or how the charges are calculated. Those who receive a contribution to their care are positive about this **(Exhibit 5)**.

Exhibit 5

Focus group responses

FPNC has been well received by older people although there is significant confusion about what care is provided free of charge.

'I read about it in the paper. I didn't know if I got it'

'Don't know how charges are made up'

'I have no idea what's being paid for and what's not'

Focus Group participants

Source: Audit Scotland 2007

Recommendations

The Scottish Government and councils should continue to work together as a matter of urgency to clarify current ambiguities with the policy. This includes clarifying whether personal and nursing care is a universal entitlement to older people based on an assessment or whether locally available budgets and resources can be taken into account. There is also a need to address about the inconsistency between the legislation and guidance around food preparation. They should then ensure that the policy is consistently applied across Scotland from now on.

The Scottish Government should set robust outcome measures to evaluate the effectiveness of major policies in the future.

Councils should provide clear information to older people on what is covered by FPNC.

Part 4. National work on costing the policy

Key messages

- The financial memorandum set out in the Community Care and Health Act (Scotland) 2002 does not provide a robust and comprehensive assessment of the financial implications and risks of introducing FPNC.
- The initial cost estimates for the policy were difficult to make because of the limited information available at that time, particularly regarding personal care delivered at home. However, monitoring the financial impact of the policy following implementation has itself been limited and central government has not updated the longer-term cost projections for FPNC since 2001, although it has carried out short-term projections to support the annual allocations.
- The Scottish Government has recently announced the uplift of the weekly allowance for FPNC for older people living in care homes from £145 for personal care and £65 for nursing care to £149 and £67 respectively, from April 2008. However it is not clear whether these payments ever fully met the costs of personal and nursing care.
- We estimate that the total costs of FPNC for the first four years were £1.8 billion. Councils would have spent around £1.2 billion of this even if the policy had not been introduced.
- Allowing for the limitations of the data available, we estimate that the additional costs for the first four years of FPNC are around £600 million. This has led to a growing shortfall in central funding, and by 2005/06 we estimate this was either £46 million or £63 million depending on the assumptions used.
- It is likely that demand for FPNC will continue to grow with the projected increase in the older population and this will have implications for the future costs of the policy.

33. The financial memorandum set out in the 2002 Act endorsed the Scottish Executive providing £125 million annually to councils for the first two years of the implementation of FPNC based on work by the Care Development Group (CDG). It also recognised that it would be difficult to identify with any certainty the cost implications of some aspects of the Bill, which relate to FPNC but are part of the wider Community Care and Health (Scotland) Act 2002 (**Appendix 2**). The Scottish Parliament Health and Community Care Committee expressed dissatisfaction with the lack of transparency in respect of financial estimates supporting the Bill.¹² The Committee raised concerns

¹² *Report on Stage 1 of the Community Care and Health (Scotland) Bill*, Health and Community Care Committee, 22 November 2001.

about some of the assumptions used by the CDG in calculating the costs of FPNC, for example, a small increase in the unit cost could have a significant impact over time.

34. The financial memorandum did not consider the longer-term cost impact or funding allocations for the policy or give a commitment to review these at a later date in light of the experience gained in implementing FPNC. The financial memorandum acknowledges that additional expenditure will be involved: *“Most of the elements in this Bill will impact to some extent on the way that local authorities deliver social care. Additional expenditure will be involved, particularly in the delivery of free nursing and personal care. Extra funds have been committed by the Executive as set out in this Financial Memorandum”*.¹³ But, with the exception of a broad figure of £125 million per annum, the memorandum contains little financial detail.

Initial cost estimates were difficult to make

35. The CDG carried out a lot of work to prepare cost estimates within a very short timescale, but its work was hindered by a lack of robust available data from councils, particularly in relation to home care services. Prior to the introduction of FPNC, councils were already providing some personal care to older people living at home free of charge through means testing for these services. However it is difficult to identify the full extent of this as no detailed work was undertaken to identify these costs, and no distinction was made for charging between personal care and domestic help before the policy was introduced.
36. The CDG’s initial cost estimate was based on the methodology used by the Royal Commission. This considered demographic projections, assumptions about changes in health expectancy and research on unmet need, informal care and the income derived from charging for personal care by private providers and councils. The Royal Commission’s initial modelling was UK-wide and therefore not specific to Scotland and had not been tested in practice.

¹³ Paragraph 133 of the financial memorandum to the Community Care and Health (Scotland) Act 2002.

37. **Exhibit 6** provides a breakdown of CDG's estimates of the additional cost of the policy up to 2022.

Exhibit 6

CDG's estimate of the additional cost of the free personal and nursing care policy

The CDG estimated the policy would cost an additional £125 million annually in the early years of implementation

	2002 (£m)	2003 (£m)	2004 (£m)	2007 (£m)	2012 (£m)	2017 (£m)	2022 (£m)
Payments to people contributing to the cost of their own care	71	73	74	83	97	114	138
Expansion in community services due to the switch from informal to formal care and unmet need	17	34	50	55	64	75	89
Infrastructure investment	37	19	0	0	0	0	0
Total additional cost of policy	125	125	125	137	161	189	227

Note: The figures are rounded.

Source: *Fair Care for Older People, Care Development Group, September 2001*

38. However, the CDG recognised some of the limitations of these estimates. Its report referred to a 'funnel of doubt' around the potential range of future costs because small changes in base costs or assumptions could have a significant overall effect. Some of the particular difficulties were:

- The initial assumption that older people in care homes, who were contributing to their care home costs, would continue to be entitled to attendance allowance.
- Baseline information on the extent to which councils were already providing personal care to older people living at home free of charge, and the extent of privately purchased personal care by older people living at home was limited.
- A lack of information on the likely demand for services, particularly in relation to the switch from informal to formal caring and increases in demand due to existing unmet need. A small sample was used to research the amount of previously unmet need but this work was based only on data available up to 1996.
- Although the CDG considered the effect of delayed discharges, targets for the early discharge of older people from hospital have become more challenging since the introduction of FPNC putting increased time pressures on care home and home care services. Extra funding has been provided to assist the delivery of delayed discharge targets.

- The assumptions used to establish the unit costs and hence the flat rate payments for personal and nursing care in Scotland's care homes were not based on an analysis of the actual costs of these services.
39. Most of these difficulties remain unresolved and will need to be taken into account in updating longer term cost projections. Any future work will need to be informed by factors such as:
- up-to-date demographic information
 - a detailed analysis of population characteristics which affect individuals' need for care including age, household composition, disability levels, health expectancy, whether a carer is present or not, income levels and house ownership
 - activity-based costing of care services.

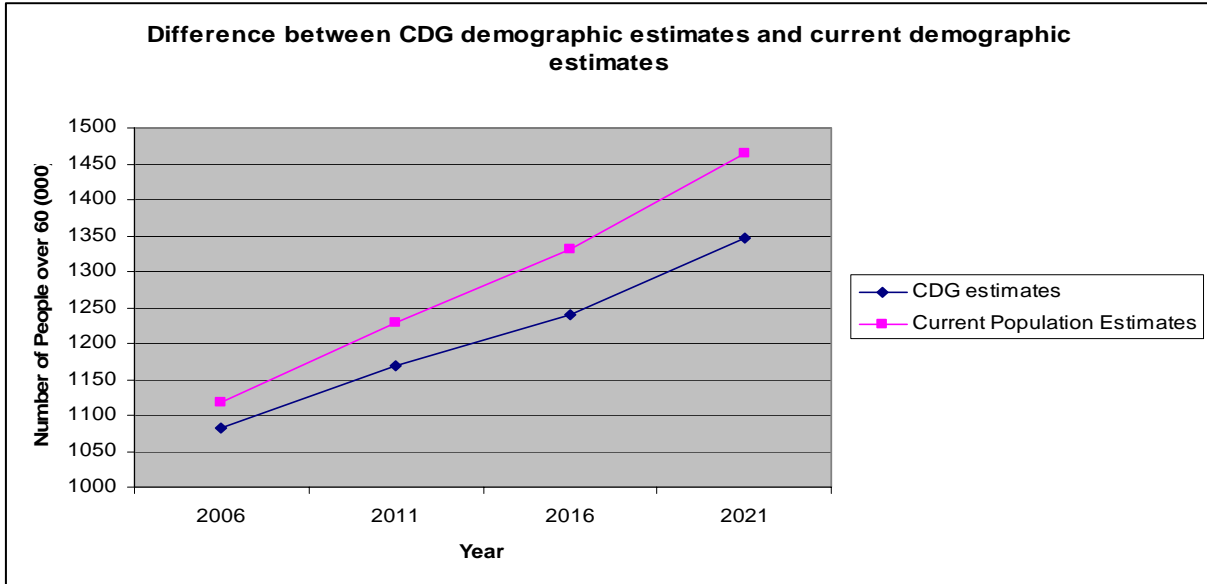
The Scottish Executive based its short-term cost estimates on the work of the Care Development Group

40. The Scottish Executive prepared a short-term cost estimate, based on the CDG cost model, covering the first four years. The total budget was increased to cover the loss of attendance allowance for older people in care homes but other uncertainties associated with the CDG model have been carried over to the implementation of the policy. This includes the level of additional funding allocated to councils.
41. The 2001 census information, published in September 2001, was the basis for a revised projected increase of an additional 40,000 older people aged over 75 years by 2016. The CDG was unable to consider this in its cost estimate due to its reporting timescale. **Exhibit 7** shows the differences between the population estimates used in the CDG report and the most recent projections available from the General Registrar Office for Scotland (GROS). This indicates an estimated additional 120,000 people aged over 60 years by 2021.
42. However, the Scottish Executive did not update the longer-term cost model to take account of this and other known factors such as the numbers now receiving care. It did carry out a wider range and capacity review of older people's long-term care needs and associated costs but this did not specifically identify FPNC requirements.

Exhibit 7

Difference between demographic estimates in CDG report and current demographic estimates

The expected increase in older people is likely to increase costs in the future.



Source: *Fair Care for Older People*, Care Development Group, September 2001 and General Register for Scotland Projected Population Estimate (2006 based)

Different methods were used to calculate funding to councils for free personal and nursing care in care homes and free personal care at home

Care homes

43. For care homes, the Scottish Executive and COSLA used available information about local demand. In advance of the policy implementation, they worked with councils to identify the actual number of people living in care homes who were contributing to, or fully funding, the cost of their own care. The Scottish Executive then allocated councils £145 for each of these older people receiving personal care and an additional £65 for people of all ages if they were living within a care home which provided nursing care. As part of the financial settlement for 2008/09, the Scottish Government and COSLA have agreed a new formula for councils' care home allocations. We have not reviewed this as the announcement has just been made.

44. The £145 and £65 weekly payments no longer reflect the costs of providing these services. The Scottish Government has recently uplifted these to £149 and £67 from April 2008.
45. The CDG used a methodology based on DWP estimates for living and housing costs and publicly funded costs for residential and nursing care. This led the CDG to estimate a cost per week of £90 for personal care and £55 for nursing care. These were subsequently revised to £145 and £65 respectively to take account of attendance allowance no longer being available for people in care homes receiving FPNC. The nursing care cost in Scotland is lower than the costs of nursing care only in England, Wales and Northern Ireland which are £35 - £110 (dependent on needs), £107.63 and £100 respectively.¹⁵
46. The CDG acknowledged there is no absolute cost for personal or nursing care as actual costs will vary among individuals, areas and care settings. However, the CDG considered that the methodology was the most robust available at that time to provide a fair and consistent payment rate for personal and nursing care across Scotland. More work is now needed to identify whether the flat rate payments for personal and nursing care in care homes cover the full cost of the care.
47. The Department of Health, Social Services and Public Safety (DHSSPS) in Northern Ireland commissioned a study in 2004 to identify the true economic cost of residential and nursing care provision. Its report suggests that the average cost of a care home place without nursing each week was £359 in Northern Ireland in 2003/04. If we apply the CDG methodology to this weekly cost, this suggests that the cost of nursing care in Northern Ireland was £85 in 2003/04, which is 31 per cent more than the flat rate nursing care payments in Scotland.¹⁶

Personal care at home

48. The Scottish Executive and COSLA agreed to use the existing grant aided expenditure (GAE) formula for allocating additional funding to councils for personal care services for older people living at home. Some councils have expressed concern about using this formula for FPNC purposes because the costs of FPNC are sensitive to a number of factors that the GAE formula does not take into account. These include:
- councils with a higher than average level of people contributing to their own care were likely to lose more income through the elimination of charging for FPNC and be responsible for more additional costs arising from the policy
 - differences in the numbers of informal carers in council areas and levels and types of care provided by them.

¹⁵ *Financial care models in Scotland and the UK*, Joseph Rountree Foundation, December 2005.

¹⁶ The national care home contract was agreed between COSLA and Scottish Care, the representative bodies for councils and the independent care home sector respectively. It was introduced in 2006 to agree a set price for care home places in Scotland for both local authorities and private individuals. The rates are negotiated annually. Some independent care homes charge private individuals more than the agreed national rates.

49. Although the overall funding allocations and distribution mechanisms are agreed between the Scottish Executive and COSLA as part of the three-year financial settlement, they have not yet reviewed whether the total allocation for FPNC is sufficient and whether the distribution of funds is appropriate.

There has been limited monitoring of the cost of the policy

50. For the introduction of any new initiative with potential additional costs, good practice would be to identify a baseline against which additional services and costs can be monitored. This is required for post-legislative scrutiny, including accountability for the use of public funds.
51. The CDG recommended that the additional funding for the policy should be ring-fenced to allow this to be monitored against additional expenditure incurred. This recommendation was subsequently endorsed by the Scottish Parliament Health and Community Care Committee.¹⁷ However, the Scottish Executive decided against this and did not make it a requirement for councils to monitor all of their additional expenditure separately. However, it did collect some financial monitoring information on FPNC from councils through a specific FPNC survey in 2002/03 and 2003/04. Since 2004/05, councils have been required to report centrally some, but not all, their expenditure on FPNC within the annual local finance returns (LFR3 returns).
52. Councils report on their expenditure on FPNC provided to care home residents, who pay towards their living and accommodation costs. But councils are not required to report how much they are spending on FPNC for older people in care homes who are publicly funded. In addition, although the Scottish Executive separately identified financial allocations to councils for free personal care provided to people in their own homes, there is no requirement that councils monitor and report the additional expenditure for this. As a result there is an incomplete picture of expenditure on FPNC.
53. Also the Scottish Executive guidance is not entirely consistent with the accounting standards guidance which requires overheads to be fully included. In 2005/06, 16 councils included overheads in their reported expenditure on FPNC in care homes, and 25 councils included overheads in reported expenditure on free personal care provided at home.
54. Only limited checks are carried out on the quality and accuracy of councils' financial returns. This along with incomplete data and inconsistent application of accounting guidance means that there is no easy way to identify the total costs of FPNC. The quality of information on FPNC in councils' financial returns and the limited central monitoring has been criticised previously in a Scottish Parliament Audit Committee report.¹⁸

¹⁷ *Report on Stage 1 of the Community Care and Health (Scotland) Bill*, Health and Community Care Committee, 22 November 2001.

¹⁸ *Report on Community Care*, Scottish Parliament Audit Committee, 2nd Report 2005 (Session 2), 21 March 2005.

We estimate that for the first four years, the total cost of free personal and nursing care was about £1.8 billion

55. Because of these known gaps and inaccuracies in information, such as incomplete reporting of overheads, it is difficult to identify accurately the costs of FPNC. However, we have worked with councils to:

- estimate overheads where these have not previously been reported in LFR3 returns
- restate figures in accordance with accounting standards to ensure a consistent basis for the information
- identify and correct errors made in previous returns.

56. On this basis we estimate that the total cost of FPNC was about £1.8 billion between 20002/03 and 2005/06, of which just around £1.2 billion would have been spent by councils irrespective of the policy. The total cost includes the cost of all personal care provided to older people, 65 years and over, living at home and all personal and nursing care provided to all older people living in care homes. In addition, we have included the costs of nursing care payments made to people who are less than 65 years, living within care homes (**Exhibit 8**). **Appendix 3** explains our calculations. We were unable to estimate the costs for 2006/07 as the information was not available at the time of our fieldwork. We recommend that the Scottish Government carries out this work to support its cost projections for the implementation of FPNC.

Exhibit 8

Total cost of free personal and nursing care for older people over 65 years of age and nursing care costs for people under age 65 years

We estimate the total cost of FPNC to be £1.8 billion between 2002/03 and 2005/06 of which about £1.2 billion would have been spent by councils even if the policy had not been introduced.

	2002/03	2003/04	2004/05	2005/06	Total 2002/03 - 2005/06
	£m	£m	£m	£m	£m
Councils' actual expenditure on FPNC for all home care clients and for those who contribute to the cost of their care in care homes	141	218	249	286	894
Add: Councils' estimated expenditure for public funded clients in care homes ¹⁹	241	231	225	222	919
Estimated total cost of FPNC	382	449	474	508	1813

Note: Figures are rounded to nearest £ million.

Sources: Scottish Executive statistics; Audit Scotland data survey and analysis 2007

We estimate that there was a growing shortfall in funding in the first four years

57. The Scottish Executive and COSLA set up a joint care cost group in 2005 to examine the costs of the policy. In 2006, the group estimated that approximately £65 million was being spent by councils on personal care delivered to older people at home in 2001/02.²⁰ We have used the £65 million baseline estimate of personal care costs in 2001/02 to work up two examples to estimate the additional costs of the policy and the funding surplus or shortfall.

58. The first example assumes that spending on older people would have continued at the same rate as the increase in GAE. Using this assumption, we estimate that the policy was slightly over-funded in the first two years but since 2004/05 there has been an increasing gap between the funding and council expenditure. We estimate this gap amounts to around £46 million for 2005/06 (**Exhibit 9a**).

Appendix 3 sets out more detail of the methodology for this calculation.

¹⁹ This is based on the unit cost of £145 for personal care for the total number of older people who are fully publicly funded in care homes over the period. For nursing care payments, we have assumed that the same proportion of public funded clients receive nursing care payments as those who contribute to their own accommodation and living costs as there is no monitoring information available on the specific nursing care payments made to public funded clients.

²⁰ Care cost sub-group unpublished information.

Exhibit 9a

Example 1 - Additional funding allocated for free personal and nursing care compared with additional expenditure

Sufficient additional funding was provided in the early years but there has been a growing funding gap in 2004/05 and 2005/06.

	2002/03 (9 months)	2003/04	2004/05	2005/06
Scotland-wide	£m	£m	£m	£m
Scottish Executive additional allocation to councils for FPNC (a)	107	143	147	153
Actual councils' expenditure for older people at home and older people in care homes who contribute to their own care home costs (b)	141	218	249	286
Less £65m already spent ²¹ (c)	-51	-76	-82	-87
Estimated additional cost of the policy²² (b-c)	90	142	167	199
Estimated funding surplus/gap²³ (a)-(b-c)	17	1	-20	-46

Note: Figures are rounded to nearest £ million.

Source: Scottish Executive funding allocation letters to councils; Care cost sub-group unpublished information; Audit Scotland data survey and analysis including factual accuracy check 2007

59. Our second example assumes that the £65 million baseline estimate of personal care in 2001/02 would continue to grow in line with inflation and we have used two per cent for this purpose. Using this assumption, we estimate that the additional costs of the policy were slightly over-funded in the first year but between 2003/04 and 2005/06 there has been an increasing gap between councils additional funding and expenditure. We estimate this gap amounts to around £63 million for 2005/06 (**Exhibit 9b**). **Appendix 3** sets out more detail of the methodology for this calculation.

²¹ This is based on the cost sub group estimate of personal care expenditure for older people at home of £65 million and assuming that this expenditure would have continued to be spent at the same rate as the GAE. For 2002/03, 75% of the £65 million has been used as the policy was introduced on 1 July 2002.

²² This figure excludes all publicly funded clients.

²³ This figure excludes all publicly funded clients

Exhibit 9b

Example 2 - Additional funding allocated for free personal and nursing care compared with additional expenditure

Sufficient additional funding was provided in the first year but there has been a growing funding gap between 2003/04 and 2005/06.

Scotland-wide	2002/03 (9 months)	2003/04	2004/05	2005/06
	£m	£m	£m	£m
Scottish Executive additional allocation to councils for FPNC (a)	107	143	147	153
Actual councils expenditure for older people at home and older people in care homes who contribute to their own care home costs (b)	141	218	249	286
Less £65m already spent ²⁴ (c)	-50	-68	-69	-70
Estimated additional cost of the policy²⁵ (b-c)	91	150	180	216
Estimated funding surplus/gap²⁶ (a)-(b-c)	16	-7	-33	-63

Note: Figures are rounded to nearest £ million.

Source: Scottish Executive funding allocation letters to councils; Care cost sub-group unpublished information; Audit Scotland data survey and analysis including factual accuracy check 2007

60. Other funding has been made available for older people's services, eg to support rapid response services. However it is not possible to identify how much of this has been spent on FPNC. This other funding was also not identified in the financial memorandum.

Increasing demand will have implications for future costs

61. Comparing the current number of older people receiving free personal care with the expected growth in the number of older people in Scotland highlights the potential for increased demand (**Exhibit 10**). The number of people aged 75 and over is projected to increase by around 81 per cent from

²⁴ This is based on the cost sub group estimate of personal care expenditure for older people at home of £65 million and assuming that this expenditure would have continued to be spent in line with inflation at two per cent. For 2002/03, 75 per cent of the £65 million has been used as the policy was introduced on 1 July 2002.

²⁵ This figure excludes all publicly funded clients.

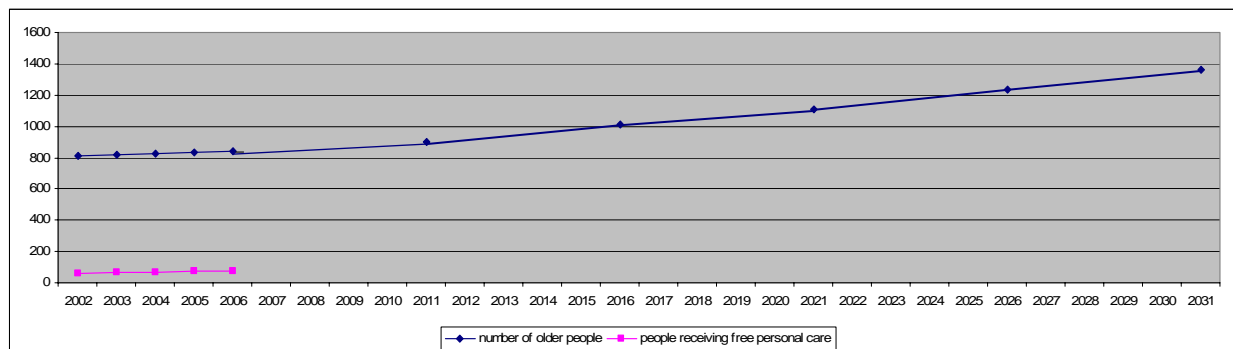
²⁶ This figure excludes all publicly funded clients.

0.38 million in 2006 to 0.69 million in 2031. Over the same time period the number of people aged 85 and over is projected to increase from 95,000 to 232,000.²⁷

Exhibit 10

Expected change in the number of older people aged 65 years and over and percentage of older people receiving free personal care

The expected increase in older people will increase demand for FPNC services in the future.



Source: GRO(S) and Scottish Executive Statistics Release on Free Personal and Nursing Care 2002-2006

62. Between 2002/03 and 2006/07 there has been an increase of 1,681 care home clients who would have previously organised and paid for their own personal and nursing care. Councils do not separately report figures for older people who would previously have paid for their own personal care at home. However, the overall rise in home care services since 2002 suggests that it is likely that the policy has already contributed to an increase in demand for free personal care at home (**Exhibit 11**).

²⁷ Projected Population of Scotland (2006 based), GROS, 23 October 2007.

Exhibit 11

Number of publicly funded older people receiving personal care at home

Personal care provision has increased by over fifty per cent across Scotland since the policy was introduced but the increase varies among CCouncils.

	Number of publicly funded older people receiving personal care at home					Cumulative change 2002/03-2006/07
	2002/03	2003/04	2004/05	2005/06	2006/07	(%)
Aberdeen City	1,469	1,469	1,506	1,594	1,762	19.9%
Aberdeenshire	1,050	1,207	1,324	1,567	1,807	72.2%
Angus	724	772	797	800	786	8.6%
Argyll & Bute	391	482	427	516	424	8.5%
Clackmannanshire	247	363	368	442	478	93.6%
Dumfries & Galloway	1,382	1,382	1,383	1,384	1,384	0.1%
Dundee City	647	777	795	1,247	1,202	85.7%
East Ayrshire	506	872	1,035	1,104	1,250	146.9%
East Dunbartonshire	400	601	712	777	864	116.0%
East Lothian	705	705	738	861	891	26.4%
East Renfrewshire	479	542	607	708	755	57.5%
Edinburgh, City of	1,447	1,967	2,309	2,446	2,650	83.1%
Eilean Siar	319	420	408	452	455	42.5%
Falkirk	976	1,040	1,186	1,191	1,195	22.5%
Fife	2,786	3,201	3,291	3,291	3,419	22.7%
Glasgow City	3,139	4,021	5,258	6,335	4,813	53.3%
Highland	1,109	1,404	1,598	1,838	1,837	65.7%
Inverclyde	819	835	915	927	1,052	28.5%
Midlothian	224	287	320	517	517	130.8%
Moray	608	681	589	662	763	25.5%
North Ayrshire	663	828	961	980	1,004	51.3%
North Lanarkshire	1,332	1,672	2,012	2,902	2,270	70.5%
Orkney Islands	152	176	186	195	175	15.3%
Perth & Kinross	323	697	952	1,030	1,009	212.2%
Renfrewshire	631	767	818	958	1,012	60.4%
Scottish Borders	712	876	1,040	1,110	1,036	45.6%
Shetland Islands	173	189	191	169	199	15.2%
South Ayrshire	1,099	1,127	1,187	1,225	1,330	21.0%
South Lanarkshire	894	1,102	1,310	1,791	2,158	141.4%
Stirling	357	425	430	456	446	24.8%
West Dunbartonshire	435	685	586	983	1,006	131.5%
West Lothian	1,142	1,334	1,359	1,398	1,442	26.3%
Scotland	27,337	32,901	36,593	41,854	41,386	51.4%

Note: The figures are rounded.

Source: GRO(S); Scottish Executive Statistics Release on Free Personal and Nursing Care 2002-2006; unpublished Scottish Executive data for 2006/07; Audit Scotland factual accuracy check 2007

Recommendations

The Scottish Parliament should require the Scottish Government to provide robust and comprehensive financial estimates, including risk assessments, in support of all bills that have financial implications.

The Scottish Government should:

- Improve the central monitoring and future planning for FPNC by updating its cost projections; clearly identifying the information needed from councils; and setting out a clear framework for this purpose.
- Work with councils to ensure completion of national returns complies with accounting guidance so that full costs, including overheads, are reported.
- Review national allocation amounts for FPNC, and methods for distributing this to councils to ensure that these accurately reflect the factors which influence local demand for services.

Part 5. Financial planning and monitoring by councils

Key messages

- Few councils have set specific budgets for the discrete elements of FPNC and councils are not required to do so by the Scottish Government. This makes it difficult to track the additional and total costs of the policy. Councils' initial financial planning for FPNC in care homes was relatively straightforward. It could have been better for home care services, although timescales for implementation made this difficult.
- Although we estimate there has been a shortfall in funding for FPNC, 27 councils spent less than their indicative funding allocations for older people's services in 2005/06.
- To help manage costs, some councils have been tightening their eligibility criteria, using waiting lists and charging for some aspects of food preparation.

There are variations in councils' financial planning, monitoring and reporting

63. Few councils have set specific budgets for the discrete elements of FPNC and councils are not required to do so by the Scottish Government. This makes it difficult to track the additional and total costs of the policy.
64. When the policy was introduced councils' financial planning for FPNC in care homes was straightforward as it was relatively easy to identify the number of older people who were paying their own care home costs. Transitional arrangements were in place to make it easier to administer payments and this meant all those already in care homes were automatically entitled to the payments of £145 or £65 without the need for an assessment.
65. In contrast, councils' initial financial planning for free personal care delivered at home was hampered by poor baseline information. The tight timescales set for implementation added to the difficulty. Twenty-one councils carried out a baseline analysis to identify the number of older people who were already in receipt of personal care services as part of their home care package and who were contributing towards the cost of their care. Of these councils, 11 carried out a full care assessment or review to separately identify the proportion of personal and non-personal home care services, so that they could amend their charges.

66. However, this analysis did not cover older people who were already receiving the services free of charge from councils. No councils were able to tell us how much they were already spending on personal care for older people at home when the policy was introduced. In addition, the analysis did not identify privately purchased home care and as a result, when the FPNC policy was introduced, councils were unable to identify how much was being spent on personal care services both by councils themselves and by individuals.

Twenty-seven councils spent less than their Grant Aided Expenditure for older people's services in 2005/06

67. Central government, in agreement with COSLA, usually allocates funds to councils using an agreed formula known as the Grant Aided Expenditure (GAE). The GAE formula is not an allocation or a grant itself but is a method of calculating each council's indicative spend on each of its services based on its population's needs.

68. The GAE formula is based on factors such as demographics, deprivation and health indicators. The actual funding allocation is made through a block revenue support grant. Councils have the discretion to set their local service budgets at different levels than the indicative levels in the GAE to reflect local priorities and most councils choose to do this.

69. In 2005/06, five councils spent more than their GAE allocation for older people's services and twenty-seven councils spent less (**Exhibit 12**). When combined with the shortfall in funding for the additional costs of FPNC, this suggests that many councils may be reducing spend on other older people's services in order to provide FPNC.

Exhibit 12

Difference between GAE allocation and actual spend

The majority of councils are not spending their indicative allocation for older people's services.

Council	2005/06			
	GAE for older peoples services £000	Actual expenditure on older peoples services (net) £000	Difference between GAE and actual expenditure £000	Difference between GAE and actual expenditure %
Aberdeen City	45,447	42,303	-3,144	-7%
Aberdeenshire	41,642	39,751	-1,891	-5%
Angus	28,066	24,705	-3,361	-12%
Argyll & Bute	22,874	19,562	-3,312	-14%
Clackmannanshire	8,647	7,515	-1,132	-13%
Dumfries & Galloway	35,480	28,451	-7,029	-20%
Dundee City	35,335	29,709	-5,626	-16%
East Ayrshire	26,780	21,991	-4,789	-18%
East Dunbartonshire	18,013	12,958	-5,055	-28%
East Lothian	20,481	18,627	-1,854	-9%
East Renfrewshire	16,721	13,092	-3,629	-22%
Edinburgh City	93,159	89,475	-3,684	-4%
Eilean Siar	6,694	12,053	5,359	80%
Falkirk	29,426	25,627	-3,799	-13%
Fife	73,269	62,561	-10,708	-15%
Glasgow City	133,728	99,194	-34,534	-26%
Highland	45,156	49,534	4,378	10%
Inverclyde	20,154	17,449	-2,705	-13%
Midlothian	15,593	13,153	-2,440	-16%
Moray	17,425	16,524	-901	-5%
North Ayrshire	30,124	27,236	-2,888	-10%
North Lanarkshire	56,104	59,686	3,582	6%
Orkney Islands	3,488	6,353	2,865	82%
Perth & Kinross	33,839	27,730	-6,109	-18%
Renfrewshire	34,117	26,494	-7,623	-22%
Scottish Borders	27,088	23,075	-4,013	-15%
Shetland Islands	3,740	7,732	3,992	107%
South Ayrshire	27,618	26,099	-1,519	-6%
South Lanarkshire	60,718	56,771	-3,947	-7%
Stirling	17,742	14,245	-3,497	-20%
West Dunbartonshire	19,126	15,509	-3,617	-19%
West Lothian	23,282	19,999	-3,283	-14%

Source: GAE, 2005/06 and Scottish Government, 2007

70. Between 2002/03 and 2005/06, spending on older people's services in most council areas slightly increased as a percentage of total council expenditure but slightly reduced as a percentage of total social work expenditure (**Exhibit 13**). However, overall expenditure has increased from £770 million in 2002/03 to £955 million in 2005/06. This picture of total spend on older people's services is complex and analysing this was outside the scope of our study. Further work in each council area is required to understand the reasons for the variation.

Exhibit 13

Spending on older people's services compared with total council expenditure and total social work expenditure

Overall council and social work expenditure has increased between 2002/03 and 2005/06 but spending on older people has not increased at the same rate.

Council	Total actual expenditure			Total actual expenditure			Total actual expenditure			Total actual expenditure		
	2002-03			2005-06			2002-03			2005-06		
	Older People's expenditure	All council expenditure	Percentage	Older People's expenditure	All council expenditure	Percentage	Older People's expenditure	Social work expenditure	Percentage	Older People's expenditure	Social work expenditure	Percentage
	£000	£000	%	£000	£000	%	£000	£000	%	£000	£000	%
Aberdeen City	29,626	317,919	9.32%	42,303	419,867	10.08%	29,626	73,615	40.24%	42,303	98,261	43.05%
Aberdeenshire	29,285	354,827	8.25%	39,751	446,582	8.90%	29,285	61,971	47.26%	39,751	79,430	50.05%
Angus	20,944	177,458	11.80%	24,705	210,375	11.74%	20,944	36,047	58.10%	24,705	44,717	55.25%
Argyll & Bute	16,885	172,855	9.77%	19,562	217,024	9.01%	16,885	29,773	56.71%	19,562	37,667	51.93%
Clackmannanshire	5,710	73,190	7.80%	7,515	95,031	7.91%	5,710	13,968	40.88%	7,515	18,419	40.80%
Dumfries & Galloway	22,326	243,753	9.16%	28,451	309,494	9.19%	22,326	45,551	49.01%	28,451	61,466	46.29%
Dundee City	23,606	264,966	8.91%	29,709	315,316	9.42%	23,606	53,789	43.89%	29,709	65,141	45.61%
East Ayrshire	18,757	194,954	9.62%	21,991	235,874	9.32%	18,757	35,158	53.35%	21,991	43,958	50.03%
East Dunbartonshire	9,769	164,403	5.94%	12,958	204,684	6.33%	9,769	22,199	44.01%	12,958	30,808	42.06%
East Lothian	13,582	134,938	10.07%	18,627	178,128	10.46%	13,582	26,527	51.20%	18,627	36,991	50.36%
East Renfrewshire	12,416	138,878	8.94%	13,092	178,263	7.34%	12,416	21,678	57.27%	13,092	28,135	46.53%
Edinburgh, City of	56,934	698,525	8.15%	89,475	848,501	10.55%	56,934	152,778	37.27%	89,475	205,863	43.46%
Eilean Siar	8,379	87,299	9.60%	12,053	106,189	11.35%	8,379	12,249	68.41%	12,053	17,919	67.26%
Falkirk	20,266	221,334	9.16%	25,627	277,906	9.22%	20,266	41,387	48.97%	25,627	55,230	46.40%
Fife	54,532	544,716	10.01%	62,561	692,305	9.04%	54,532	99,182	54.98%	62,561	125,880	49.70%
Glasgow City	102,876	1,191,503	8.63%	99,194	1,401,061	7.08%	102,876	254,799	40.38%	99,194	296,091	33.50%
Highland	36,745	386,122	9.52%	49,534	481,188	10.29%	36,745	64,703	56.79%	49,534	86,296	57.40%
Inverclyde	14,315	151,584	9.44%	17,449	195,562	8.92%	14,315	28,311	50.56%	17,449	37,544	46.48%
Midlothian	10,045	123,350	8.14%	13,153	164,678	7.99%	10,045	25,052	40.10%	13,153	33,105	39.73%
Moray	11,458	133,756	8.57%	16,524	174,628	9.46%	11,458	24,289	47.17%	16,524	33,385	49.50%
North Ayrshire	18,102	221,481	8.17%	27,236	289,719	9.40%	18,102	38,858	46.59%	27,236	53,012	51.38%

Council	Total actual expenditure			Total actual expenditure		
	2002-03			2005-06		
	Older People's expenditure	All council expenditure	Percentage	Older People's expenditure	All council expenditure	Percentage
	£000	£000	%	£000	£000	%

Council	Total actual expenditure			Total actual expenditure		
	2002-03			2005-06		
	Older People's expenditure	Social work expenditure	Percentage	Older People's expenditure	Social work expenditure	Percentage
	£000	£000	%	£000	£000	%

North Lanarkshire	56,803	510,271	11.13%	59,686	630,653	9.46%
Orkney Islands	4,166	49,532	8.41%	6,353	62,818	10.11%
Perth & Kinross	22,099	219,537	10.07%	27,730	252,358	10.99%
Renfrewshire	23,856	279,874	8.52%	26,494	347,972	7.61%
Scottish Borders	15,980	180,520	8.85%	23,075	223,054	10.35%
Shetland Islands	4,847	86,171	5.62%	7,732	76,586	10.10%
South Ayrshire	19,848	185,611	10.69%	26,099	221,391	11.79%
South Lanarkshire	45,319	476,648	9.51%	56,771	585,394	9.70%
Stirling	11,163	140,264	7.96%	14,245	180,120	7.91%
West Dunbartonshire	13,582	170,460	7.97%	15,509	202,674	7.65%
West Lothian	15,776	244,426	6.45%	19,999	302,376	6.61%
Scotland	769,997	8,541,124	9.02%	955,163	10,527,770	9.07%

North Lanarkshire	56,803	89,740	63.30%	59,686	112,075	53.26%
Orkney Islands	4,166	8,320	50.07%	6,353	11,669	54.44%
Perth & Kinross	22,099	40,321	54.81%	27,730	51,742	53.59%
Renfrewshire	23,856	50,342	47.39%	26,494	58,071	45.62%
Scottish Borders	15,980	34,034	46.95%	23,075	46,307	49.83%
Shetland Islands	4,847	9,709	49.92%	7,732	15,643	49.43%
South Ayrshire	19,848	38,359	51.74%	26,099	48,175	54.18%
South Lanarkshire	45,319	81,484	55.62%	56,771	103,278	54.97%
Stirling	11,163	25,561	43.67%	14,245	31,994	44.52%
West Dunbartonshire	13,582	30,772	44.14%	15,509	36,014	43.06%
West Lothian	15,776	40,835	38.63%	19,999	50,079	39.93%
Scotland	769,997	1,611,361	47.79%	955,163	2,054,365	46.49%

Source: GAE, 2002/03 to 2005/06 and LFR3 returns 2002/03 to 2005/06

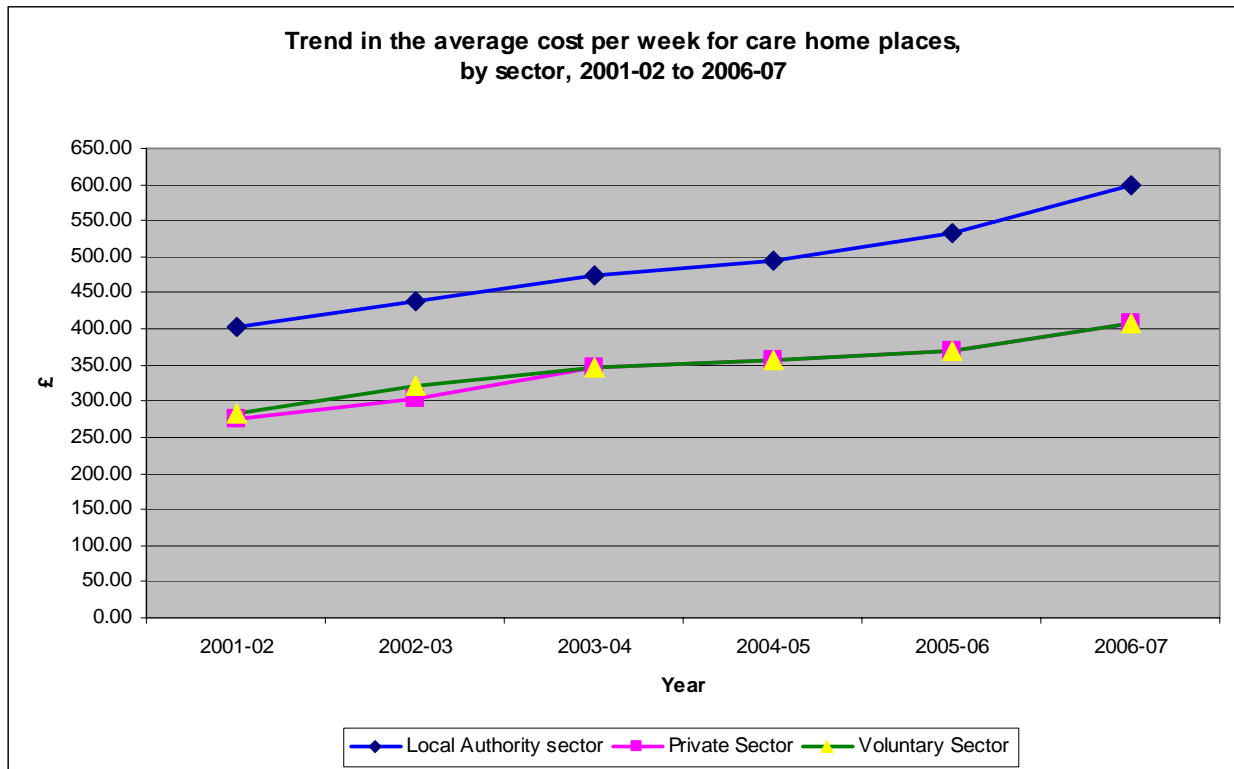
Cost of care home places to councils has risen since 2001/02

71. A review of care home costs across councils shows that there have been significant increases in the level of care home costs within councils' own homes and care home fees across the private and voluntary sector since 2001/02 (**Exhibit 14**). Care home costs within council homes have increased by 48 per cent since 2001/02. Councils average weekly costs of buying a care home place from private and voluntary care home providers have increased by 48 per cent and 43 per cent respectively.²⁸ The gap between the average cost of a council care home and the average cost of care homes provided by the private and voluntary sector has widened since 2001/02.

Exhibit 14

Change in the cost to councils of care home places across sectors 2001/02 – 2006/07

The cost to councils of care home places has risen since 2001/02.



Note: The figures used are the median of the range of average increases for councils.

Source: Audit Scotland analysis of data survey 2007

72. Most private and voluntary care providers in Scotland have signed up to a national care home contract, which was agreed in 2006 between COSLA and Scottish Care.²⁹ The national care contract has established a national cost for councils to bulk buy care home places for their clients in Scotland. The national weekly cost for a care home place is agreed annually as part of contract negotiations. However, councils and care homes are not obliged to sign up to the contract.

²⁸ The percentage increases are the median of the range of average increases for councils.

²⁹ Scottish Care is the representative body for the private and voluntary care home sectors in Scotland.

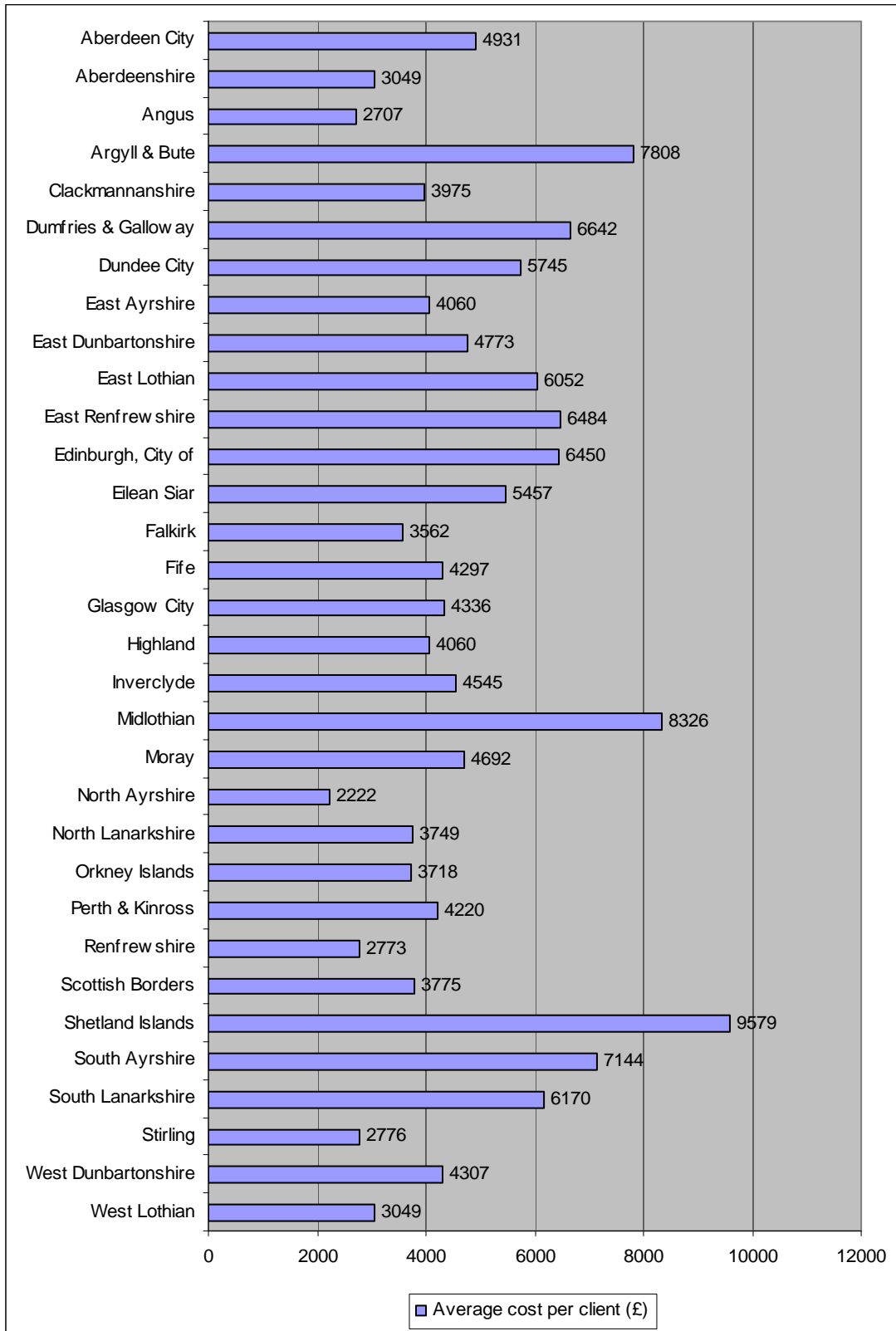
Councils' average spend on providing personal care to older people at home varies

73. The average spend on personal care provided to older people at home varies among councils **(Exhibit 15)**. This is due to differences in how much personal care is provided to each client and differences in costs.

Exhibit 15

Council's average annual spend on personal care for home-based clients, 2005/06

The average spend per client for personal care for older people at home ranges from £2,222 to £9,579.



Sources: Home Care statistic and, LFR3 returns, Scottish Executive 2006; Audit Scotland analysis of data survey, 2007

Some councils have waiting lists

74. During 2006/07 18 councils reported having people waiting for home care services, from the time of referral to receiving a home care service. For these councils average waiting times ranged from approximately one week to 10 weeks. Nine councils were unable to provide this information and the remaining five councils reported they had no waiting times.
75. For care homes, 12 councils reported having people waiting for a place from the time of referral during 2006/07. For these councils average waiting times ranged from approximately two weeks to 34 weeks. Thirteen councils were unable to provide this information on waiting times and the remaining seven reported they had no waiting times.
76. Councils reported that they operate waiting lists because:
- of a lack of staff to carry out the initial assessment and/or to provide care
 - of limited capacity of care homes to meet the demand for care home places
 - of older people exercising their right to a care home place of their choice
 - it enables them to manage services within available resources.

Eight councils charge for food preparation

77. Most councils were unable to tell us how many older people have been charged for tasks relating to assistance with food preparation since the policy was introduced and what charges were made. But eight councils charge for some aspects of assistance with food preparation (**Exhibit 16**).

Exhibit 16

Summary of councils' interpretations of assistance with food preparation

Councils that charge for food preparation have different charging policies

Councils which charge	What the charge is for	Description of local charging for food preparation
Argyll & Bute	Food preparation	Food preparation and assistance or prompting with feeding is free personal care. Food preparation on its own is recognised as a domestic task only and is therefore chargeable.
Dundee City	Food preparation	Food preparation is only charged for if it is an incidental part of the care package. For example, a client may receive two hours of home care in the morning, where approximately fifteen minutes is spent making tea and toast. If the other care services being provided are chargeable, then the client will be charged for the full two hours.
Glasgow City	Food preparation	Where the home carer fully prepares the meal with no input from the client, then the service is chargeable.
North Lanarkshire	Food preparation and cooking	Where the client is able to eat a meal without assistance, then they will be charged for the preparation of this meal.
Orkney Islands	Food preparation	General meal preparation (deemed to be where a meal is prepared and cooked for an older person) is chargeable. There is no charge for special meal preparation (eg where a person has dementia or diabetes, or needs food to be liquidised).
Renfrewshire	Cooking food	There is no charge for special food preparation such as blending food or feeding clients. All other food preparation is chargeable.
Scottish Borders	Meal preparation	Behaviour management in relation to food preparation and the preparation and management of specialist diets are included under free personal care. Meal preparation is chargeable.
Stirling	Food preparation	There is no charge for special food preparation such as blending food or feeding clients, or where clients require a special diet to maintain their health. All other food preparation is chargeable.

Source: Audit Scotland data survey analysis and further submissions from councils, 2007

78. Eleven councils that have at some time charged for food preparation since the policy was implemented have now stopped charging for this. Their combined estimated annual loss of income as a result of no longer charging for this is £3.6 million, ranging from £4,500 in Angus to £934,000 in Edinburgh. Of the councils that no longer charge for food preparation, six of these have made refunds amounting to approximately £3 million in total (**Exhibit 17**).

Exhibit 17

Refunds/loss of income for councils which have ceased to charge for food preparation

Councils that have ceased to charge for food preparation have refunded more than £3 million to older people and councils' combined estimated annual loss of income is about £3.6 million.

Council	Refunds (£)	Estimated loss of income per annum (£)
Aberdeenshire	No	£450,000
Angus	£9,000	£4,500
Clackmannanshire	£100,000	£42,000
Dumfries and Galloway ³⁰	£1,500,000	£320,000
East Ayrshire	No	£460,000
Edinburgh, City of	£1,064,000	£934,000
Eilean Siar ³¹	£18,000	£85,000
Perth and Kinross ³²	No	£200,000
South Ayrshire	No	£188,000
South Lanarkshire	No	£750,000
West Lothian	£398,000	£140,000
Total	£3,089,000	£3,573,500

Note: The estimated annual loss of income may vary in councils each year.

Source: Audit Scotland data survey analysis and further submissions from councils, 2007

There are inconsistencies among councils in the way in which laundry services are treated

79. Laundry services as a result of continence management have been included as personal care under the FPNC legislation. Despite this, one council reported that it charged older people for this service but it was unable to provide information on the number of older people affected and the total charges it has made. Not all councils include the cost of these services within their overall costs of personal care, and this contributes to inconsistencies in the costs of FPNC reported.
80. During focus group discussions with older people and carers, some people expressed concern over the lack of laundry services in general. Others were uncertain which elements of laundry services were chargeable.

³⁰ Refunds have not yet been made. This is the amount authorised by the council.

³¹ Charges were introduced in April 2005 but rescinded in June 2005. Refunds relate to charges made during this period.

³² Perth and Kinross Council stopped charging in September 2006. It is currently awaiting the outcome of a legal challenge before deciding if it will refund prior charges.

Five councils report increased costs as a result of older people moving to Scotland

81. Before the policy was introduced, councils were concerned that demand might increase because older people might move from other parts of the UK to benefit from free personal care services. Nine councils have said that this is a concern for their council but only five of these were able to provide the number of clients and associated costs.³³ However the reported costs were relatively small, ranging from £21,000 to £289,000 per year and these numbers should be treated with some caution. Other councils do not monitor this separately and we are therefore unable to quantify the numbers involved or the cost implications.

Recommendation

Councils should improve their information systems to enable them to collect comprehensive and accurate information on FPNC, and other aspects of care and support services. The information on FPNC should be used by the Scottish Government for central monitoring and future policy development.

³³ The 12 councils reporting this as an issue are Aberdeenshire, Argyll and Bute, East Ayrshire, East Renfrewshire, Glasgow City, Highland, Inverclyde, Renfrewshire, South Ayrshire, South Lanarkshire, Stirling, West Dunbartonshire. The seven councils that provided information on numbers of people and costs were East Ayrshire, East Renfrewshire, Glasgow City, Highland, Inverclyde and South Ayrshire, West Dunbartonshire, the remaining five councils were unable to provide information.

Part 6. Impact on older people

Key messages

- The policy has made a difference to the disposable income of some older people but it is not apparent that it has made a difference to older people on lower incomes who would have received personal and nursing care services free in any case. Those with more complex needs are benefiting from more comprehensive care packages to enable them to stay at home for longer. However, domestic services such as shopping and cleaning are being reduced as councils prioritise personal care.
- Although FPNC is a universal policy, councils differ in their use of eligibility criteria and waiting lists. This means that older people may receive different levels of service depending on where they live.

The policy has made a difference to the disposable income of some older people

82. The FPNC policy has made a difference to the disposable income of some groups of older people who were previously paying for their own care, but it is not apparent that it has made a difference to older people on lower incomes who would have received personal and nursing care services free in any case.
83. For older people at home who contribute towards their non-personal care costs, the difference it has made to them is variable. This depends on their council's charging policy including any income which is disregarded for financial assessment and charging purposes, and the hourly chargeable rates for non-personal care services.
84. **Exhibit 18** illustrates how these factors make a difference to the disposable income for this group of older people.

Exhibit 18

Income scenarios of older people at home living in two different councils

The policy has not changed the total charges for home care for some older people living at home. This is variable depending on local charging policies.

Example 1

A client living at home is assessed as requiring five and a half hours of home care per week. Four hours are for personal care which is free of charge. One and a half hours are for domestic care such as shopping or cleaning and are therefore chargeable.

The client has an income of £210.65 per week. This is made up of attendance allowance, state retirement pension and pension guarantee credit.

The council's hourly charge for providing the home care service is £11.30 and it charges clients at 20 per cent of their disposable income or the cost of the service, whichever is lower.

The charge to the client is calculated as follows:

Calculation of charge to the client	£
Client's income	210.65
Less the amount they are allowed to keep before they are charged for services.	139.00
Disposable income	71.65
Total cost of service (5.5hrs x £11.30)	62.15
Less free personal care element	45.20
Chargeable service (£62.15 less £45.20)	16.95
Charges made to the client: (£71.65 x 20%)	14.33

In this example, the client is no better off financially since free personal care was introduced, as they would always have paid £14.33, due to the council's policy of charging 20 per cent of their disposable income.

Example 2

A client living in their own home is assessed as requiring six hours of home care per week. Five hours are for personal care which is free of charge. One hour is for domestic care which is chargeable.

The client has an income of £210.65 per week. This is made up of retirement pension, pensions credit and attendance allowance.

The council's hourly cost of providing the home care service is £10.50 per hour and it charges clients 25 per cent of their disposable income, whichever is lower.

The charge to the client is calculated as follows:

Calculation of charge to the client	£
Client's Income	210.65
Less the amount they are allowed to keep before they are charged for services.	143.65
Disposable income	67.00
Total cost of service	63.00
Less free personal care element	52.50
Chargeable service (£63.00 less £52.50)	10.50
Calculated client contribution (£67.00 x 25%)	16.75
Charges made to the client:³⁴	10.50

In this example, the client is £6.25 per week better off financially since free personal care was introduced, as they would have paid the full calculated contribution of £16.75 if free personal care were not free.

Source: Audit Scotland analysis of council's submissions 2007

85. For older people in care homes, when their savings or income from the house sale fall below £20,750 they qualify for a contribution from the council towards their living and accommodation costs as well as the FPNC payment. Once savings fall below £12,500 older people are entitled to full payment of care home fees by the council.
86. For older people in care homes who own their own home and pay for their own accommodation and living costs, their disposable income depends on whether they choose to sell their own homes or take up a deferred payments option. Deferred payments are a legal agreement between the client and a council by which the council will pay the client's contribution towards care home fees upfront.³⁵ When the client dies, his or her home will be sold and the council can recover the payments made.
87. If older people choose to sell their own home to pay for their accommodation and living costs, they are more likely to have a higher disposable income for longer as a result of the policy. However, if they choose to take the deferred payment option, there will be no difference to their disposable income but their property is likely to increase in value from the original valuation. This means that although these older people do not directly financially benefit from the policy in their lifetime, their inheritors may benefit from any increase to the asset value when it is sold at a later date.

³⁴ As the assessed contribution is more than the cost of the service, the client pays the cost of the service.

³⁵ Deferred payments are a legal agreement between the client and a council that the council will pay the client's contribution towards care home fees upfront. When the client dies the property will be sold and the council can recover the payments made.

88. For older people living in care homes who benefit financially, the difference the FPNC policy is making to them is reducing each year. This is due to factors including:

- increases in charges to clients for hotel and living costs
- the lack of an inflationary increase in the payments of £145 and £65, although these will be uplifted from April 2008.

89. **Exhibit 19** shows how the value of the personal care payments has reduced within care homes over time.

Exhibit 19

Personal care payments as a percentage of care home costs (councils) or prices (independent sector)

The value of the personal care payment to older people has reduced each year as care home costs have increased.

Year	Council sector (£)	Personal care payment as a percentage of total cost	Private sector (£)	Personal care payment as a percentage of total cost	Voluntary sector (£)	Personal care payment as a percentage of total cost
2001-02	403	36%	275	53%	284	51%
2002-03	439	33%	304	48%	322	45%
2003-04	475	31%	346	42%	346	42%
2004-05	494	29%	358	41%	358	41%
2005-06	534	27%	369	39%	371	39%
2006-07	598	24%	407	36%	407	36%

Note: The median was used to calculate the average care home cost in each sector.

Source: Audit Scotland analysis of data survey 2007

90. **Exhibit 20** provides examples of the financial effect of the policy on older people in care homes who pay their accommodation and living costs.

Exhibit 20

Income scenarios of older people living in care homes

Some older people living in care homes who contribute to their living and accommodation costs will benefit from increased disposable income as a result of the policy

Example 1

A client who previously lived on their own requires a care home placement with personal and nursing care. The client has a weekly income of £167.50. This is made up of state retirement pension and occupational pension. The client owns their own home which is valued at £80,000. The client has requested deferred payments to be charged against the property as they do not want to sell their house. The weekly cost of the care home placement is £501.37. This will be funded as follows:

Calculation of charge to the client	£	£
Client's income	167.50	
Less personal expense allowance ³⁶	20.45	
Less savings disregard ³⁷	5.25	
Contribution by the client		141.80
Council contribution (deferred payment)	149.57	
Free personal and nursing care payment	210.00	
Contribution by the council		359.57
Total		501.37

The client will be left with disposable income of £25.70 per week. The client's property will accumulate a debt of £149.57 per week to the local authority. When the client dies their house will be sold and the debt repaid to the council.

In this example, the client is no better off financially since free personal care was introduced, as they are only entitled to retain the £25.70 personal expense allowance and savings disregard. However the debt secured against the house will grow more slowly, so more will be available to the family when it is eventually sold.

Example 2

A client who was previously a housing association tenant requires a care home placement with personal and nursing care. The client has a weekly income of £103.05. This is made up of state retirement pension and pension guarantee credit. They also have savings of £30,000. The weekly cost of the care home placement of £501.37 will be funded as follows:

³⁶ Personal expense allowance is the amount of money the individual is allowed to keep to pay for any incidental personal expenses including buying clothes.

³⁷ Benefit given to older people who have an occupational pension. This benefit is intended to reward people who have saved for their retirement.

Calculation of charge to the client	£	£
State retirement pension and pension credit	103.05	
Contribution from savings	188.32	
Contribution by the client		291.37
Free personal care payment	210.00	
Contribution by the council		210.00
Total		501.37

In this example, the client is £210 per week better off financially per week since free personal care was introduced, as they have to contribute less from their savings for their care costs.

Example 3

A client who previously lived on their own requires a care home placement with personal and nursing care. The client has a weekly income of £119.05 which is made up of state retirement pension and pension guarantee credit. The client owns their own home which is valued at £60,000. The home is sold to pay for care costs. The weekly cost of a care home placement of £501.37 will be funded as follows:

Calculation of charge to the client	£	£
State retirement pension and pension credit	119.05	
Contribution from house sale	173.32	
Contribution by the client		292.37
Free personal care payment	210.00	
Contribution by the council		210.00
Total		501.37

In this example, the client is £210 per week better off financially per week since free personal care was introduced, as they have to contribute less from their house sale income for their care costs. It will take longer for the proceeds of the house sale to be used up.

Source: Audit Scotland analysis of council's submissions and economic analysis by Professor David Bell 2007

Councils have different eligibility criteria and charging policies and many are tightening these

91. All councils that previously charged for personal care have changed their charging policies to make personal care services non chargeable. In addition to this, 17 councils reported changes being made to their charging policies to help them manage and deliver services within their local budgets.
92. Twenty-five councils have developed eligibility criteria or priority levels for their care services to enable them to manage demand for services. An additional four have no formal criteria or priority levels but care managers still have to prioritise services based on individual needs assessment. There is significant variation across Scotland in how priority levels are defined or applied. All of these differences in criteria are not transparent to older people and the public.
93. All councils prioritise older people based on their individual assessed needs and the risks to the individual associated with these needs. Older people assessed as the highest priority level are considered to be at most risk if appropriate services are not provided.
94. In most cases, older people who need personal care services are considered a higher priority. Some councils are using the full range of community support available to them to deal with some of the risks associated with older peoples' needs, such as using community equipment, housing support services and befriending schemes. These interventions can reduce the need for putting in place more intensive personal care services and therefore potentially reduce costs over time.
95. We have attempted to categorise councils priority thresholds, at which they provide services for older people:
 - two councils provide services to clients who are assessed as meeting their highest priority level only, due to budgetary constraints³⁸
 - five councils provide services to their top two priority levels³⁹
 - six councils provide services to all clients with the exception of those assessed at the councils' their lowest priority level⁴⁰
 - three councils provide services to client who meet all priorities, but the lowest priority clients may have to wait for the service to be provided⁴¹

³⁸ Edinburgh, Eilean Siar

³⁹ Argyll and Bute, Highland, Inverclyde, North Ayrshire, Perth and Kinross

⁴⁰ Aberdeenshire, East Ayrshire, East Dunbartonshire, East Renfrewshire, Glasgow City, Scottish Borders

⁴¹ Midlothian, Renfrewshire, Stirling

- two councils provide services to clients who meet all priorities with the exception of their lowest level. However clients who meet their second lowest level priority may be provided with services only where sufficient resources are available⁴²
- nine councils do not identify thresholds for services but prioritise services based on the needs of individuals⁴³
- one council provides services to all clients, although their lowest two priority levels may have to wait until resources are available for the service to be provided.⁴⁴
- four councils did not provide information on their threshold priority level at which services are provided.⁴⁵

96. **Appendix 4** more fully explains the eligibility criteria and priority levels in place within councils.

97. Changes to eligibility criteria may restrict access to care services for older people by raising the threshold above which services are provided. Six councils reported that they have tightened their eligibility criteria to help manage demand and prioritise services for individuals as a result of FPNC. Some councils reported that care packages are being authorised at a higher management level in order to prioritise services for individuals. This is a way of managing local budgetary constraints.

98. In England the Department of Health implemented national risk-based eligibility criteria in 2003 to ensure fair access to care services.⁴⁷ This has made eligibility criteria and the thresholds for service provision more transparent. The guidance prioritises the risks faced by individuals into four bands - critical, substantial, moderate and low - and requires councils to adopt these bands. Importantly, the risks within the framework relate to both immediate and longer-term risks, and the guidance supports a preventative approach to adult social care.

99. The guidance focuses on outcomes and it recognises that services are configured differently across the country. It requires councils to ensure that resources are used cost-effectively with due regard to individuals' needs and agreed outcomes. Councils set the threshold at which services are provided, taking into account local resources and care needs, but the use of standard categories of need has introduced an element of transparency to the system.

⁴² North Lanarkshire, West Lothian

⁴³ Angus, Clacks, Orkney, Shetland, South Ayrshire, South Lanarkshire, West Dunbartonshire, Dundee City

⁴⁴ Moray

⁴⁵ Aberdeen City, Dumfries and Galloway, East Lothian, Fife, Falkirk

⁴⁷ *Fair Access to Care Services, Guidance on eligibility criteria for adult social care*, Circular LAC (2002)13, Department of Health, January 2003.

The increasing priority being given to intensive care needs is leading to a reduction in domestic home care services

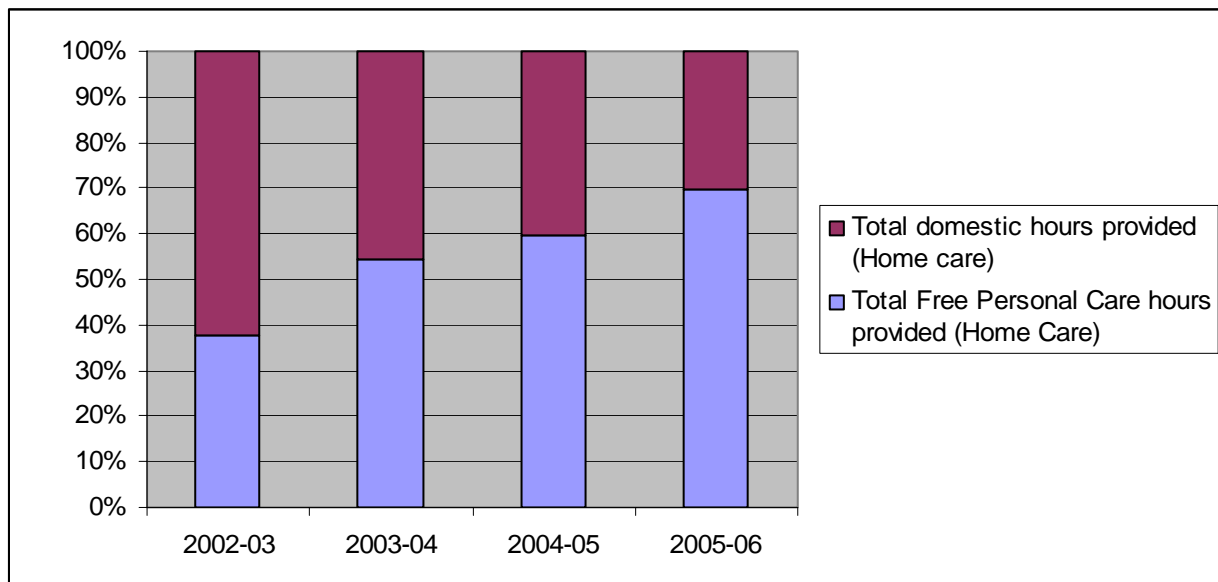
100. Older people in our focus groups reported that access to non-personal care services, such as shopping and cleaning, was limited. Older people also had concerns over access to bathing and showering services. In some cases these are limited to one a week.

101. The Scottish Government aims to shift the balance of care from care homes to care at home where appropriate. More comprehensive care packages are being put in place for older people living at home with higher and more complex needs but the focus on personal care tasks may have contributed to the reduction in access to other non-personal care services. Some councils have reduced their provision of non-personal care services to people living at home and some have stopped providing domestic care to people who contribute to the cost of their own care. Although the reduction in domestic support was beginning to happen before FPNC was implemented, councils report that the policy has contributed to this **(Exhibit 21)**.⁴⁸

Exhibit 21

Scotland-wide time series of older people's personal care as a percentage of their home care services

The percentage of time spent on personal care has increased while domestic home care services have decreased.



Sources: Scottish Executive home care statistics and Accounts Commission statutory performance indicators

⁴⁸ *Homing in on care. A review of home care services for older people*, Accounts Commission, 2001.

102. The statutory performance indicators support this overall analysis. Between 2004/05 and 2006/07 the total number of people aged 65 and over receiving home care has dropped from 56,304 to 54,157; but the number of clients receiving personal care at home rose from 35,462 to 40,375.⁴⁹

Recommendations

The Scottish Government and councils should work together to agree a national eligibility framework which defines risks and priority levels to ensure transparency in access to care for older people.

Councils should:

- publish clear information on eligibility criteria and the thresholds where services are provided, the operation of waiting lists and local care home and home care charging policies
- work with local health partners to evaluate the longer-term consequences of reducing domestic home care services such as cleaning, shopping and laundry services.

⁴⁹ Information for some councils was excluded from the overall figures because of incomplete or inaccurate data. Statutory performance information can be found at www.audit-scotland.gov.uk/performance/index.php

Appendix 1.

Timeline and summary of key developments for implementing the free personal and nursing care policy

Date	Key development/milestone
Feb 1999	<p>Royal Commission report on long term care published</p> <p>Known as the Sutherland Report, it recommended that personal and nursing care should be available to older people free at the point of delivery, based on assessment of identified need.</p>
Oct 2000	<p>Scottish Executive response to the Sutherland report</p> <p>The Scottish Executive committed to ensuring nursing care is provided free of charge in all settings and set aside an initial £25 million to support this. It also supported the principal of equity in relation to free personal care but did not commit to implementing free personal care universally at this time.</p>
Sep 2001	<p>Care Development Group report published <i>Fair Care for Older People</i></p> <p>The Scottish Executive set up the Care Development Group in January 2001 to bring forward proposals to ensure older people in Scotland have access to high quality and responsive long term care in the appropriate setting on a fair and equitable basis; and for implementing free personal care. The published report included recommendations for the implementation of free personal care and an analysis of the costs for this.</p>
Jan 2001	<p>Chief Nursing Officer report on Free Nursing Care</p> <p>The Minister for Health and Community Care set the CNO the task of taking forward the work on the provision of free nursing care. The CNO established a stakeholder group whose remit focused on the provision of free nursing care in nursing homes. Its two main tasks were agreeing a process for the assessment of need; and the financial framework within which free nursing care should be delivered.</p>
Jul 2001	<p>The Regulation of Care (Scotland) Act 2001</p> <p>This Act provided the legislation to establish the Scottish Commission for the Regulation of Care (known as the Care Commission). The Act sets out a definition of personal care which has been used to support further legislation and implement free personal care.</p>
Sep 2001	<p>Community Care and Health (Scotland) Bill</p> <p>The Scottish Executive accepted the Care Development Group report and all of its recommendations. It incorporated these in the Community Care and Health (Scotland) Bill. The Scottish Executive announced its decision to implement FPNC from 1 April 2002, although this was later delayed to 1 July 2002. It set aside £125 million additional funding to support this in each of the initial two years. This was later changed due to the delay in implementation to £107 million in Year 1 to cover the first nine months and £143 million in Year 2.</p>
Mar 2002	<p>The Community Care and Health (Scotland) Act 2002</p> <p>This Act provided the legislative basis for implementing FPNC. It set out a list of personal care tasks that should not ordinarily be charged for.</p>
Apr 2002	<p>Implementation Of Free Personal And Nursing Care: Guidance Circular No. CCD 4/2002</p> <p>This was the initial guidance the Scottish Executive sent to councils to assist with implementation of FPNC. The Scottish Executive delayed the implementation of FPNC from 1 April 2002 to 1 July 2002.</p>
Jul 2002	<p>Implementation of the Free Personal and Nursing Care Policy</p> <p>The FPNC policy was introduced in Scotland on 1 July 2002.</p>

Jul 2002	<p>Community Care (Personal Care and Nursing Care) (Scotland) Regulations 2002</p> <p>These regulations support the Community Care and Health (Scotland) Act 2002. They provide for the first £65 of nursing care and £145 of personal care to be free of charge for older people (65 years or over) who pay for their own care home costs.</p>
Jul 2002	<p>Community Care (Assessment of needs) (Scotland) Regulations 2002</p> <p>These regulations update earlier regulations and support the Community Care and Health (Scotland) Act 2002. They provide for transitional arrangements for older people (65 years or over) who live in care homes. They also allow councils to make nursing care and personal care payments for older people living in care homes who were receiving this type of care before 1 July 2002, without carrying out an assessment of need.</p>
Jul 2003	<p>Scottish Executive consolidated guidance on Free Personal and Nursing Care: Circular No. CCD 5/2003</p> <p>The Scottish Executive consolidated earlier guidance on FPNC and included new guidance on food preparation. This guidance stated that food preparation and the provision of meals are not to be included in the FPNC policy, and should therefore be charged for.</p>
Sep 2004	<p>Scottish Executive letter to councils: Free Personal Care - Food Preparation</p> <p>The letter advised councils that its previous guidance on food preparation was incorrect and inconsistent with Schedule 1 of the Community Care (Scotland) Act 2002, which makes it explicit that assistance with the preparation of food should not be charged for.</p>
May 2006	<p>Scottish Executive letter to councils: Free Personal Care Assistance with the Preparation of Food</p> <p>This letter aimed to clarify the letter of September 2004. The previous letter had not drawn out any distinction between the term “food preparation” and the term “assisting with the preparation of food” both of which are used in the Act in the context of a person’s eating requirements. The letter concluded that meal provision is not included in the list of “care not ordinarily charged for” in Schedule 1 of the 2002 Act. It also stated that interpretation of the Act is ultimately a matter for the courts and approach to delivery of services remains a matter for councils.</p>

Source: Audit Scotland 2007

Appendix 2.

Financial memorandum

FINANCIAL MEMORANDUM

INTRODUCTION

120. This Bill paves the way for a number of significant expenditure commitments made by the Executive and includes provisions to enable the more effective use of existing resources.

121. In October 2000, the Minister for Health and Community Care, Susan Deacon MSP, announced an additional £25m per annum to cover the costs of making nursing care provided by care homes free. This was one element of a package amounting to almost £100m per year, announced as part of the Executive's response to the Royal Commission on Long Term Care. In January 2001, Susan Deacon announced the establishment of the Care Development Group, whose aim was "to ensure that older people in Scotland have access to high quality and responsive long-term care, in the appropriate setting, and on a fair and equitable basis". The Group's remit included the requirement "to bring forward proposals for the implementation of free personal care for all, along with an analysis of the costs and implications of so doing". On 28 June 2001, the provision of an additional £100m per annum to enable the implementation of free personal care was announced by the Minister for Finance and Local Government, Angus MacKay MSP. The Care Development Group published its report, Fair Care for Older People, in September 2001.

122. The Bill will assist the implementation of free nursing and personal care by means of regulations. A number of the other provisions in the Bill are enabling legislation which do not in themselves impose significant direct costs. The detail of subordinate legislation made under these provisions will influence the overall costs of the Bill in due course. This will be taken into account when the relevant orders and regulations are made.

COSTS ON THE SCOTTISH ADMINISTRATION

123. A number of the elements of the Bill will enable the delivery of significant new funding commitments by the Executive. The key elements are the costs of free nursing and personal care. Details of the resources to be made available have already been announced as set out above.

124. The Scottish Executive will incur short-term administrative costs in terms of staff and related costs associated with the provisions of the Bill. These will be incurred in the preparation of regulations and in providing support and guidance on implementation of changes. The Executive will also continue to bear significant costs in support of local authorities and NHS bodies in the delivery of community care and health services. These responsibilities are not as a consequence of the Bill but the way in which some of them are delivered will be affected by the Bill.

Community care: charging for social care

125. The Executive intend to make use of the powers provided by this part of the Bill to assist with the implementation of free nursing and personal care in the light of the conclusions of the Care Development Group. As made clear above, funds totalling £125m per annum have already been announced to fund these changes.

126. The powers provided by this section will also provide the Executive with the means to fulfil its commitment to regularise charges for non-residential care. The Confederation of Scottish Local Authorities (COSLA) is working with local authorities to address the issue of inconsistency across Scotland in charging for non-residential care. The Executive is therefore committed to hold the use of powers to regularise such charges in reserve, but will be prepared to regulate on the issue if necessary. If, in due course, the Executive concludes that it should intervene in this matter then any cost implications of the regulations to be proposed will be considered at that time.

Accommodation: deferred payment agreements

127. Allowance has already been made (within the 3-year local government settlement allocations from April 2001) for additional costs to local authorities of providing deferred payment agreements. This falls into the allocation of £6m this year, £12m for 2002-03 and £12m for 2003-04 (which also covers the cost of changes to the residential care charging means test and the care management costs of people who currently have "preserved rights" to residential care through social security). It was announced as part of the Executive's response to the Royal Commission on Long Term Care in October 2000. The cost implications of deferred payment agreements are discussed in more detail under Costs on Local Authorities below.

Joint working

128. The main costs to the Scottish Executive will be in producing regulations and guidance and providing support for local organisations developing joint arrangements, although the costs arising from the Bill itself are difficult to separate out from existing commitments. Support and guidance is already underway, for moves towards joint working within the existing legislative framework. The intention is that this will be adapted and extended as legislative changes come into effect.

Health: services lists and supplementary lists and representations against preferential treatment

129. The inclusion of locums in the NHS pension scheme will lead to additional costs through extra employers' contributions. These costs are difficult to calculate as they will depend on the percentage of locums who elect to join the pension scheme and on the activity in whole-time equivalent terms of such locums. On the basis of the limited information available, the Executive's best estimate is that the cost may be of the order of £650,000 per year. The costs will be met from the demand led general medical services (GMS) budget which is controlled at Scottish Executive level.

130. There will be an increase in the number of cases referred to the NHS Tribunal, with accompanying costs. These will be limited, however, as referrals to the Tribunal, which is the ultimate disciplinary body for family health service practitioners, are rare and should continue to be so. The Executive's best estimate is that extending the Tribunal's jurisdiction to non-principals, PMS performers on service lists and PMS pilot providers wishing preferential consideration on seeking return to the medical list could require an additional £3,000 – £4,000 per year on top of the £12,000 which is currently allocated to sittings of the Tribunal.

Miscellaneous: amendment of Road Traffic Act 1988 and Road Traffic (NHS Charges) Act 1999

131. The change serves to increase the scope under which costs can be recovered from insurers. However, the fact that the original regulations failed to cover "public places" was an oversight. Therefore, any financial implications would have been taken into account at the outset when the financial appraisal was prepared. This change will not have any new financial implications.

Miscellaneous: Amendment of 1978 Act

132. It had always been intended that the Mental Welfare Commission for Scotland would be a member of CNORIS and the financial consequences of this, which are de minimis, were included in the original exercise. Therefore, the change now in the regulations is a technical change which will place no additional financial burden on the system.

COSTS ON LOCAL AUTHORITIES

133. Most of the elements in this Bill will impact to some extent on the way that local authorities deliver social care. Additional expenditure will be involved, particularly in the delivery of free nursing and personal care. Extra funds have been committed by the Executive as set out in this Financial Memorandum.

134. Other elements of the Bill are concerned with the way in which local authorities deliver services, in particular those where there is an element of partnership with the NHS. The objective of these elements is to provide local authorities with the means to deliver a more effective and efficient service within the level of their current resources.

Community care: charging for social care

135. As set out above, the provision of free nursing and personal care will involve major new resources. The extra funds required to enable local authorities to deliver these services have already been announced.

136. As made clear above, the Executive does not intend to use the new powers to regulate non-residential care charges in the first instance. Any cost implications of regulating for this would be considered when such regulations were brought forward.

Accommodation: disregarding of resources

137. This change is a technical consequence of other provisions in the Bill on charging for social care and deferred payment agreements and therefore does not have separate costs in its own right.

Accommodation: more expensive accommodation

138. This provision will extend choice for individuals to top-up their contribution towards fees for more expensive accommodation. The intention is, through regulation, to ensure that this is only an option where it would not be expected to lead to a resident using up the resources which the means tests are designed to protect. It is therefore not expected that the change will lead to people requiring additional financial support from local authorities.

Accommodation: deferred payment agreements

139. A deferred payment agreement would be an agreement whereby during a certain period of time a resident would not make part of the payments he or she would otherwise have been required to make towards the cost of his or her care. The intention is, through regulations, to ensure that the agreement defers responsibility for a person to make that part of his or her contribution which would come from the capital value of his or her home. Instead, the resident would grant the authority a charge over his or her home in respect of payment, which would be recovered from his or her estate (or from him or her if he or she chooses to terminate the agreement sooner).

140. Although deferred charges will ultimately be recovered, there will still be an initial loss of revenue to the local authority. In addition, the interest free arrangements mean that the money recovered will not cover any lending costs incurred by the local authority.

141. Deferred payment agreements will therefore have an associated cost to local authorities. Allowance has already been made (within the 3-year local government settlement allocations from April 2001) for any additional costs to local authorities of such agreements. (This falls into the allocation of £6m this year, £12m for 2002-03 and £12m for 2003-04, announced as part of the Executive's response to the Royal Commission on Long Term Care in October 2000. This also covers the cost of changes to the residential care charging means test and the care management costs of people who currently have "preserved rights" to residential care through social security.)

142. Costs to local authorities are difficult to estimate because they depend on demand and also on how free nursing and personal care are to be implemented. The Executive expects that one of the effects of free nursing and personal care will be to significantly reduce the costs of providing deferred payment agreements. Therefore, the Executive's intention is to delay using the power which the Bill provides to give people a right to such arrangements until the scheme has been operating long enough to assess demand and the impact on local authority income and budget planning.

Direct payments

143. The Bill will place a new duty on local authorities to offer direct payments in lieu of arranging services themselves. This, coupled with other measures in the Bill which will widen the field of eligibility for direct payments, is likely to increase the demand for direct payments. The knock on effect of this is that it is possible that, over time, demand for local authority resources, such as day centres, may fall. Local authorities anticipate costs associated with the move away from "fixed" local authority services as more people take up the offer of arranging their own services. Any move away is however likely to be gradual and a provision in the Bill to allow local authorities to sell their services will give them a level playing field with private services providers. This means that local authorities will need to ensure that their services can compete with private providers not only in terms of quality and price but also flexibility. Local authorities also anticipate start up costs associated with providing information to clients, training staff and publicising the availability of direct payment schemes.

144. Recent research, *Direct Payments: The Impact on Choice and Control for Disabled People*, (October 2000) commissioned and published by the Executive, found that time invested in setting up a scheme could be recouped in the mid to longer term. It also reported that budgetary gains are possible in the long term. This is consistent with experiences elsewhere that costs can fall if people are given the resources to organise their own care.

145. In response to authorities' concerns about managing the changes to direct payments, the commencement of the provisions will be delayed to allow them more time to put in place a mandatory scheme and an extension to all community care client groups. No firm decision on a timetable for implementing these changes will be taken until the recommendations of the Care Development Group have been fully considered.

146. The Direct Payments research found that a successful scheme is built on the foundations of a strong support system. In recognition of the report's findings and to help address concerns about start-up costs, the Executive has committed £530,000 over 2001-02 and 2002-03 to put in place the support systems needed by recipients, supporting organisations and local authorities. The project will help improve awareness and take up of direct payments in Scotland. The project will also provide training at local levels. In addition a three-year project grant of £65,000 per annum, which started in April 2001, has been allocated under section 10(1) of the Social Work (Scotland) Act 1968.

Carers: amendment of 1968 Act and amendment of Children (Scotland) Act 1995

147. The main impact of the provisions to give carers an independent right to assessment, and to extend that right to young carers under 16 and parent carers of disabled children, is likely to be an increase in the numbers of carers' assessments carried out by local authorities. As a consequence of these assessments, there is likely to be an increase in support provided by local authorities to carers and/or the people they care for. It is impossible to estimate the likely rate of any increase with any degree of accuracy.

148. We believe such increases are likely to be limited in scale and gradual. Work in Scotland by the Princess Royal Trust for Carers to identify "hidden" carers found that only a third of those identified required practical support, and only a very small minority of these carers wanted an assessment. The development of alternative approaches to assessment, particularly self assessment by carers, and the fact that many carers already have their needs assessed as part of a wider assessment of the person they care for, should further contain the resource impact on authorities. We believe local authorities will be able to meet any increased demand from the increasing resources they are receiving to support carers and provide respite care, which are rising from £5 million in 1999-2000 to £21 million by 2003-04.

Joint working

149. The powers in the Bill are mainly to remove barriers to joint working and do not, as such, have a cost attached. Indeed, one of the principle intentions is to improve flexibility to aid efficiency. There is a clear expectation that local organisations will move towards joint arrangements. There may be short-term transitional or development costs as agencies reconfigure their structures and management arrangements. In their financial settlement for 2001- 2004, local authorities can access the additional resources for modernising community care (now £10m per annum). Ultimately the moves to joint arrangements will lead to improved and more cost-effective services.

COSTS ON HEALTH BOARDS, PRIMARY CARE TRUSTS AND GENERAL MEDICAL PRACTICES

Joint working

150. As is the case for local authorities (see above) there may be short-term transitional or development costs as agencies re-configure their structures and management arrangements. NHS unified budgets which include NHS Primary Care Trusts (and thus Local Health Care Cooperatives) allow significant headroom for development and improvement of systems and services. Ultimately however, the moves to joint arrangements will lead to improved and more cost-effective services.

Health: services lists and supplementary lists and representations against preferential treatment

151. In headcount terms, there are about 3,700 GP principals and a further 430 GP non-principals (excluding locums) and personal medical services performers. It is estimated that there are up to 700 GP locums. Accordingly the effect will be to add some 1,100 names across the country as a whole to the lists managed locally, an increase of some 30%. For this purpose, and cases which are referred to the NHS Tribunal, Boards and Trusts will incur limited administration costs to be subsumed within their overall resources.

152. General Medical Practices will incur limited additional costs through having to ensure that all non-principal GPs whom they wish to employ are included on the services and supplementary list for their area and through other administrative tasks involved in the operation of the list system. On the other hand, they will save costs through having available for reference a list of GPs who are approved for appointment when they wish to employ a non-principal GP. Practices will also incur costs in answering any representations made to the NHS Tribunal. In general these would be met by membership of defence bodies. Also, the Tribunal has power to award expenses.

COSTS ON OTHER BODIES, INDIVIDUALS AND BUSINESSES

Accommodation: deferred payment agreements

153. The provision of interest-free deferred payment agreements for payment of care home fees would be expected to have limited impact on those businesses offering equity release against the value of a person's home.

Health: services lists and supplementary lists and representations against preferential treatment

154. Individual non-principal GPs and personal medical services performers will incur limited additional costs through having to apply for inclusion on a services or supplementary list. For locums in particular, these costs should be set against the fact that, once on a supplementary list, they will more readily be able to demonstrate to a prospective employer that they are approved for appointment.

155. Some costs will be incurred by the defence bodies of those non-principals and performers of PMS who are referred to the Tribunal and who wish to engage legal representation. These will depend on the length of the hearing and the type of legal representation engaged.

Appendix 3.

Methodology used for estimating total and additional costs

Exhibit 8 - Total FPNC cost estimates methodology

We estimated the total cost of FPNC using the following methodology:

Step 1

We used the total cost information councils submitted to the Scottish Executive in their local financial returns (LFR3 returns) for councils:

- total expenditure on personal and nursing care for older people in care homes for older people who contribute to the costs of their living and accommodation costs
- total expenditure on FPNC for all older people living at home.

Step 2

As we were aware that some councils had not prepared their LFR3 returns consistently, we sent a data survey to all 32 councils to provide them with the opportunity of restating their costs shown in step 1 to ensure consistency and correct any errors. We asked councils to confirm whether their total costs shown in step 1 in their LFR3 returns were prepared in accordance with Best Value Accounting Code of Practice (BVACOP). This guidance requires councils to state their costs on a total cost basis inclusive of overheads.

- Some councils reported that they had not prepared their home care costs in accordance with BVACOP guidance and some of them took the opportunity to restate their costs shown in step 1, in accordance with BVACOP. We then used the restated figures for these councils instead of the original LFR3 published cost information.
- For those councils that had not included overheads and that were unable to restate their home care costs shown in step 1 in accordance with BVACOP, we then added a percentage for overheads to their total home care costs for older people shown in step 1. The percentage we used was arrived at using the average home care overhead rate from councils which supplied this information in their data survey, although we excluded the highest and lowest overhead rates for this purpose.
- Some councils reported that they had not prepared their care home costs shown in step 1 in accordance with BVACOP and some of them took the opportunity to restate their costs shown in step 1, in accordance with BVACOP.

- For those councils that had not included overheads and were unable to restate their care home costs shown in step 1 in accordance with BVACOP, we then added a percentage for overheads to their total care home costs for older people shown in step 1. The percentage we used was arrived at using the average care home overhead rate from councils which supplied this information in their data survey, although we excluded the highest and lowest overhead rates for this purpose.

Step 3

We then estimated councils FPNC costs for older people in care homes who are fully publicly funded.

- We used the Scottish Executive home care statistics to identify the total number of older people in care homes and then deducted the older people who contribute to their own living and accommodation costs.
- We assumed that the remaining older people were all fully publicly funded and in receipt of free personal care. We then multiplied the number of older people by the flat rate payment of £145 for personal care. We then multiplied the figures by 52 to calculate the annual cost.
- We assumed that the same percentage of older people who are fully public funded and are in receipt of nursing care payments of £65 was the same percentage as those who contribute to their own living and accommodation costs. We then multiplied the estimated number of older people who are publicly funded by the £65 flat rate payment for nursing care. We then multiplied the figures by 52 to calculate the annual cost.

Exhibit 9a - Additional cost estimates and funding surplus/deficit

We used the following methodology to estimate the additional costs as a result of the policy and whether sufficient additional funding was provided by the Scottish Executive:

Step 1

We used information provided by the Scottish Executive to identify the additional funding allocated to councils for FPNC.

Step 2

From the additional allocations shown in step 1, we then subtracted:

- Councils' estimated actual costs for personal care at home for all older people, using the LFR3 or councils' restated figures from our data survey
- Councils' estimated actual costs for FPNC for older people who contribute to their own living and accommodation costs within care homes, using the LFR3 or councils' restated figures from our data survey.

Step 3

From the results we arrived at in step 2, we then subtracted councils' total estimated personal care costs for older people living at home in 2001/02 of £65 million. This estimate of £65 million was provided by the Scottish Executive and COSLA's joint care cost group.

- We assumed that the £65 million would have continued to be spent in line with the increase in councils GAE. For 2002/03, we used 9/12 of the £65 million to match the additional funding allocations as this was for nine months.
- This provided us with an estimate of the additional costs for councils of FPNC as a result of the policy.

Step 4

To identify the funding surplus or deficit, we then subtracted the additional costs to councils as a result of the policy from the additional allocations in each of the years.

Exhibit 9b - Additional cost estimates and funding surplus/deficit

We used the same steps as shown for exhibit 9a, except we assumed that the £65 million for personal care at home would have continued to be spent in line with inflation of two per cent.

Appendix 4.

Eligibility criteria and provision of service

Council	Criteria/priority levels for services	Criteria/priority level where older people become eligible for services	Change in criteria since introduction of FPNC?
Aberdeen City	Emergency/High/Medium/Low	Information not provided	No
Aberdeenshire	Emergency/High/Medium/Low	All with the exception of low. However older people requiring personal care would not be placed in the low category	Yes
Angus	There are no formal eligibility criteria	Older people are prioritised for services based on their individual needs assessment	No
Argyll and Bute	Very High/High/Medium/ Low/ Not appropriate	Very high and high assessed need will receive a service	No
Clackmannanshire	There are no formal eligibility criteria	Older people are prioritised for services based on their individual needs assessment	No
Dumfries and Galloway	Information not provided	Information not provided	Information not provided
Dundee City	High/Medium/Low	Everyone assessed as requiring free personal care will receive it but may have to wait for elements of the package	No
East Ayrshire	Critical/Substantial/Moderate/ Low	All with the exception of low. However older people requiring personal care would not be placed in the low category	No
East Dunbartonshire	Very High/High/Medium/ Low	All with the exception of low will receive a service	No
East Lothian	Information not provided	Information not provided	Information not provided
East Renfrewshire	Critical/Substantial/Medium/ Low	All with the exception of low will receive a service	Yes
City of Edinburgh	Critical/Substantial/Moderate/ Low	The policy was that critical and substantial needs will be met but currently due to budgetary constraints only new or reviewed cases with critical needs will receive a service.	Yes
Eilean Siar	Priority 1 to Priority 4	Only priority 1 will receive a service	No
Falkirk	Emergency/High/Medium/Low	Information not provided	Yes
Fife	Information not provided	Information not provided	Information not provided
Glasgow City	Priority 1 to Priority 4	All with the exception of priority 4. However older people requiring personal care would not be placed in the low category	No

Council	Criteria/priority levels for services	Criteria/priority level where older people become eligible for services	Change in criteria since introduction of FPNC?
Highland	Critical/Substantial/Medium/ Low	Critical and Substantial needs will receive a service	Yes
Inverclyde	Priority 1 to Priority 5	Priority 1 to priority 2 will receive a service	Yes
Midlothian	Critical/Substantial/Moderate/ Low	All levels will receive a service however there may be a delay or waiting list to provide service to moderate and low criteria	Yes
Moray	Emergency/High/Medium/Low	As above. All levels will receive a service however there may be a delay or waiting list to provide service to moderate and low criteria	Yes
North Ayrshire	Critical/Substantial/Moderate/ Low	Critical and substantial needs will receive a service	Yes
North Lanarkshire	Priority 1 to Priority 4	All with the exception of Priority 4. All priority 1 and priority 2 needs will be met. Priority 3 needs will be met where possible	No
Orkney Islands	High or low dependency and either dementia or physically frail	Older people are prioritised for services based on their individual needs assessment	No
Perth and Kinross	Priority 1 to Priority 4	Priority 1 and priority 2 will receive a service. Clients can be assessed as requiring some elements of personal care and placed in priority 3 and priority 4	No
Renfrewshire	Priority 1 to Priority 3	Services are priorities for priority 1 and 2. Services are allocated to priority 3 clients when resources become available.	Yes
Scottish Borders	Critical/Substantial/Moderate/Low	All with the exception of low will receive a service	Yes
Shetland Islands	Essential/Needed/No Risk	Older people are prioritised for services based on their individual needs assessment	No
South Ayrshire	There are no formal eligibility criteria	Older people are prioritised for services based on their individual needs assessment	No
South Lanarkshire	There are no formal eligibility criteria	Older people are prioritised for services based on their individual needs assessment	No
Stirling	Priority 1 to Priority 3	All levels will receive a service. Priority 1 and priority 2 are fully resources. Priority 3 within available resources	No
West Dunbartonshire	Emergency/High/Medium/Low	Older people are prioritised for services based on their individual needs assessment	No
West Lothian	High/Medium/Low	High and Medium assessed needs will receive a service but those with a medium need may have to wait for the service to be provided	No

Appendix 5.

Members of project advisory group

Member	Organisation
Sue Brace	City of Edinburgh Council and Association of Directors of Social Work
Mike Brown	City of Edinburgh Council
Rhona Dubery	Independent Funding Review of Free Personal and Nursing Care Team
Shaun Eales	Scottish Government
Ann Ferguson	Age Concern Scotland
Alexis Jay	Social Work Inspection Agency
Jane Kennedy and Ron Culley	Convention of Scottish Local Authorities
Ranald Mair	Scottish Care
Liz Norton	Care Commission
Ronnie Paul	North Lanarkshire Council
Adam Rennie	Scottish Government

Accounts Commission sponsors: John Baillie and Jean Couper

Members of the project advisory group sat in an advisory capacity only. The content and conclusions of this report are the sole responsibility of Audit Scotland.

A review of free personal and nursing care

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